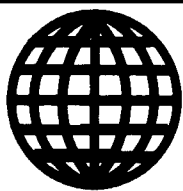


JPRS-EER-90-168  
27 DECEMBER 1990



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# ***JPRS Report***

## **East Europe**

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# East Europe

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**BULGARIA**

**Data for October**

**Green Party Weekly Analyzes Opinion Poll**

91BA0141A Sofia EKOPOLITIKA in Bulgarian 30 Oct 90 p 2

[Article by Scientific Associate Kol'o Kolev: "Expert Evaluation of Data of the Public Opinion Survey for October"]

[Text]

The following applies exclusively to individuals who approve the activities of the Green Party (54 percent of the total). For the sake of comparison, the other columns provide similar data concerning the approval of Ekoglasnost and the average for the country.

	Of Those Approving the Green Party (in Percent)	Of Those Approving Ekoglasnost (in Percent)	Average for the Country (in Percent)
Voted for			
BSP [Bulgarian Socialist Party]	29.9	33.7	38.1
SDS [Union of Democratic Forces]	47.4	42.2	33.5
BZNS [Bulgarian National Agrarian Union]	6.3	7.1	7.3
DPS [Movement for Rights and Freedoms]	2.8	4.2	6.1
Not voted	2.4	2.2	3.2
Intend to vote for			
BSP	18.2	22.1	25.6
SDS	52.4	46.6	38.0
BZNS	5.8	6.6	7.3
DPS	2.5	3.7	5.8
Do not intend to vote	15.8	16.1	18.8
Share the following ideas			
The country needs a strong, new party independent of the BSP and the SDS	34.0	33.0	32.1
Religious and cultural autonomy should be granted to the Muslim population in Bulgaria	34.1	33.0	32.4
The BSP should be forced to give up power through strikes and civil disobedience	22.2	20.2	16.7
The BSP as a political organization should be prohibited	21.3	18.9	15.8
The SDS as a political organization should be prohibited	5.6	6.8	7.2
Whoever is in power, nothing will change for the common man	41.1	42.5	44.2
Maximal wages in Bulgaria should not be higher than triple the minimal wages	59.8	59.8	57.4
Reforms in the economy should be stopped because those are what cause the trouble	18.5	20.6	21.1
The scope of the rationing system should be increased	56.5	56.0	54.2
Strikes should be forbidden by law until the country has become stabilized	51.9	55.0	58.0
Are you pleased with the work done so far by the Grand National Assembly?			
Yes	13.1	13.2	12.9
No	70.7	69.0	62.0
Have not thought about it	16.2	17.8	25.2
Approve of the BSP	31.6	37.2	40.3
Approve of the SDS	76.1	71.1	80.3
Approve of Ekoglasnost	93.5	100.0	69.4

	Of Those Approving the Green Party (in Percent)	Of Those Approving Ekoglasnost (in Percent)	Average for the Country (in Percent)
Approve of the Green Party	100.0	73.2	54.3
Approve of the National Committee for the Defense of National Interests	39.1	38.2	31.2
Approve of the BZNS	60.1	59.1	56.0
Approve of the BSP	64.7	56.6	46.6
Approve of the BZNS "N. Petkov"	61.7	55.3	46.8
Approve of Zhelyu Zhelev	88.4	86.8	78.0
Approve of A. Lukanov	68.4	71.8	71.0
Approve of Al. Lilov	27.9	31.9	34.9
Approve of Al. Karakachanov	58.3	50.1	38.7
Approve of P. Beron	74.9	69.6	57.4
Approve of P. Dertliev	79.2	72.8	61.5
Approve of M. Drenchev	47.4	40.8	32.4
Approve of D. Ludzhev	63.6	57.0	45.4
By age group			
30 or under	26.3	25.6	22.0
31 to 40	25.8	25.6	22.0
41 to 50	21.6	20.2	19.6
51 to 60	15.6	15.6	16.5
Over 61	10.7	13.4	20.1
By level of education			
With higher education	12.9	12.3	9.5
With semihigher education	9.3	8.9	7.1
With secondary education	57.5	56.5	49.4
With primary education	17.8	20.6	25.3
With less than primary education	2.5	2.8	8.7
By social status TrSecondary and university students	3.3	3.0	2.3
Workers	39.0	36.8	37.4
Peasants	4.7	4.2	5.5
Employees	26.0	25.1	20.5
Intelligentsia	7.5	7.0	6.5
Pensioners	16.2	18.9	26.0
Others	3.3	3.0	2.7
By place of residence			
Sofia	16.4	16.4	13.4
University city	23.3	23.7	20.1
Town	37.6	36.2	36.0
Village	22.6	23.7	30.5

In terms of mass awareness, the Green Party (ZP) is a level of change (toward the united opposition—SDS) of an ecological movement, whose problems are contained exclusively within the framework of ecology.

In terms of mass awareness, the Green Party is part of the BSP-Ekologasnost-Green Party-SDS continuum and is rated on the basis of two features: one, whether there should be clean air, water, and nature, and an organization concerned with this (naturally, in the majority of cases the answer is yes); and two, attitude toward the opposition (in this case the SDS) as a whole. Correspondingly, the ZP attracts voters who are stronger in their opposition and rejects the BSP group. This feeling can be seen in the comparable data for Ekologasnost and the ZP.

Outside the "opposition" feature (the influence of which can be clearly traced in the data cited), it cannot be said that the group of those who approve of the Green Party is a specific group (roughly united on the basis of specific ideas, united on the basis of age or level of education). In this case, the deviations from the average for the country are insignificant.

In the group of those approving the activities of the ZP, the attitude toward specific (suggested by us) political and economic ideas indicates a similar mixture characteristic of the country as a whole: prohibiting strikes by law; wage differentials not to exceed 300 percent; widening the scope of the rationing system; demands that the Bulgarian Turks keep quiet; and even demands of terminating all reforms in the economy, considered as the origin of the difficulties.

Naturally, all of this is against the background of an intensified "opposition."

Said "opposition" is based exclusively on the feature of "no BSP" (the question of guilt) and not on the sharing of a certain number of ideas.

Such data and views apply to the group of those who approve of the activities of the Green Party and not to the activists (members) of the ZP. The NTsIOM [National Center for the Study of Public Opinion] does not have information specifically pertaining to the membership of the ZP or information specifically pertaining to the activities of the ZP Parliamentary Group. Such information could be obtained exclusively as a result of a specific separate study.

Conclusion: The high social prestige enjoyed by the Green Party for the time being is due to the growing feeling of "opposition" (no BSP) among the country's electorate and the desire to find "an individual" on whom the mass awareness could rely in "solving ecological problems" and, respectively, rallying not only the SDS but also part of the BSP.

It is logical for the serious problems to show up after the elimination of the "no BSP" factor (the problem of finding a positive specific individual).

## CZECHOSLOVAKIA

### Slovak Armaments Industry Faces Crisis

91CH0123B Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 6 Nov 90 p 18

[Article by J.H.: "Slovakia Seeks Takers for Arms Factories"]

[Text] Bratislava, 5 November—The Czechoslovak Government is urgently looking for employment opportunities for some 200,000 well paid and frequently highly qualified workers in the arms industry who can scarcely find jobs because of the ban on arms exports decreed at the end January 1990. The situation is particularly difficult in Slovakia. According to information made available in Prague, 85 percent of production capacity there has already been shut down. The Slovak government has created the post of government advisor for the automobile industry and conversion. The first incumbent is a man named Uhrik, a former member of the staff of the heavy machinery and arms combine ZTS [Heavy Machine Tool Enterprises] Martin.

At the urging of the Soviet Union the factories for the production of high-grade armaments were expanded in the eastern constituent republic, ultimately employing 70,000 workers. These workers earn 6,000-9,000 korunas per month—which is a good deal more than the average of 3,500 korunas paid in other branches of industry. Government spokesmen have repeatedly said that "large assembly plants and well-trained employees" can be made available. Fear of social tension and the concomitant strengthening of nationalist parties is behind the realization that factories of this kind must also be shut down.

According to a SIPRI [Stockholm International Peace Research Institute] study, Czechoslovakia was the seventh-largest arms exporter between 1984 and 1988, just behind the FRG and just ahead of Italy. In World War II, the Germans turned arms production in Slovakia into an important sector of industry. The Hermann Goering Works were established at Martin. After 1945, they were enlarged and renamed the Josef Stalin Works. The most important ZTS Martin products were T-72 tanks. In 1986, total sales amounted to 8.6 billion korunas; only 1.5 billion korunas came from the civilian sector. According to factory sources, sales in 1990 will amount to only one billion korunas and are expected to decline to 100 million korunas in 1991. The sister plant, ZTS Dubnica, manufactured armored personnel carriers. That plant turned a profit of more than one billion korunas in its halcyon days. By this time, the ZTS Dubnica workforce has shrunk to 15,000 and total sales in 1990 will amount to 4.2 billion korunas, at most. The plant is stuck with an inventory worth 700 million korunas and owes one billion korunas to a variety of financial institutions.

## HUNGARY

**National Assembly Resolution on Joining Council of Europe**

91CH0199D Budapest MAGYAR KOZLONY  
in Hungarian No 109, 2 Nov 90 pp 2200-2203

[Text]

**National Assembly Resolution No. 76 of 2 November 1990 ["76/1990 (XI. 2.) OGY"]**

**on subscribing to the Charter of the Council of Europe and the General Convention concerning the privileges and immunities of the Council of Europe, and on ratifying the European Human Rights Convention.**  
(The National Assembly adopted the resolution at its 30 October 1990 meeting.)

Whereas the goals of the Republic of Hungary are identical to the principles and goals defined in the Charter of the Council of Europe signed in London, 5 May 1949;

Whereas the Republic of Hungary is determined to cooperate as a free, independent, and democratic European constitutional state with the member states of the Council of Europe in realizing the established goals;

Whereas, the Republic of Hungary expressed an intent to become a member of the Council of Europe; and

Whereas the Republic of Hungary is pleased to recognize the decision made by the Committee of Ministers of the Council of Europe to invite Hungary to become a member of the Council of Europe;

Therefore, as recommended by the Administration, the National Assembly:

(1) Determines that the Republic of Hungary shall subscribe to the Charter of the Council of Europe which was signed in London, on 5 May 1949.

(2) Determines that the Republic of Hungary shall subscribe to the General Convention concerning the privileges and immunities of the Council of Europe so dated 2 September 1949, and the related supplementary memorandum dated 6 November 1952.

(3) Determines that it shall ratify on behalf of the Republic of Hungary, the Convention concerning the protection of human rights and fundamental civil rights as signed in Rome on 4 November 1950, and to the related supplementary memorandum.

(4) Requests the President of the Republic of Hungary to promulgate the documents specified in (1) and (2) above, by which the Republic of Hungary subscribes to the Charter of the Council of Europe.

(5) Authorizes the foreign minister to deposit with the Executive Secretary of the Council of Europe, the documents by which the Republic of Hungary subscribed to the Charter of the Council of Europe, and to affix his

signature on behalf of the Republic of Hungary to the Convention concerning the protection of human rights and fundamental civil rights, and to the supplementary memorandum.

Signed: Gyorgy Szabad, President, National Assembly  
Katalin Bossanyi, Reporter, National Assembly  
Dr. Jozsef Horvath, Reporter, National Assembly

## Legislative Intent

## I.

The Republic of Hungary expressed a desire to become a member of the Council of Europe. Based on a recommendation made by the Consultative General Meeting, the Committee of Ministers of the Council of Europe resolved at its 445th meeting held on 17 October 1990 to request Hungary to join the Council of Europe and to subscribe to the Charter of the Council of Europe.

Pursuant to Article 4 of the Charter of the Council of Europe, states invited to join in this manner become members of the Council by depositing with the Executive Secretary of the Council of Europe, the document by which the invited states subscribe to the Charter.

In subscribing to the Charter, it is appropriate for Hungary to simultaneously subscribe to the Convention concerning the privileges and immunities of the Council of Europe. This Convention provides for the institutional and functional aspects of the workings of the Council of Europe, and is consistent with the generally accepted rules of relevant international law.

The Council of Europe expects new member states to subscribe to the Convention concerning the protection of human rights and fundamental civil rights signed on 4 November 1950, at the time they join the Council of Europe. This desire of the Council of Europe was expressed also in the course of negotiations concerning Hungary's membership. Accordingly, the Convention must be signed on the same day. All member states of the Council of Europe subscribe to this Convention.

Consistent with the recommendation made by the Council of Europe, Hungary will subscribe to the two conventions, and will become a signatory to the European Convention for the protection of human rights and fundamental civil rights. This will take place at the 6 November 1990 meeting of the Committee of Ministers of the Council of Europe, to be held in Rome. In due regard to the fact that the members of the Committee of Ministers are the foreign ministers of the member states, it is appropriate to authorize the foreign minister to deposit the documents related to joining the Council of Europe, and to sign the Convention on human rights.

## II.

Chapter I of the Charter of the Council of Europe dated 5 May 1949 in London, expresses the Council of Europe's goal to draw the member states in a more tightly knit unit for the following purposes: to protect,

and to realize the ideals and principles which constitute their common heritage, and to enhance their economic and social development. To accomplish these goals, member states, acting in the framework of the Council's Institutional System confer on issues of concern, reach agreements, and take other joint steps in the economic, social, cultural, scientific, legal, and administrative fields, and in regard to solidifying and reinforcing human rights and basic civil rights.

Chapter II deals with membership in the Council of Europe. It specifies the most important obligation of member states: to recognize the primacy of law, the principle by which every person under their jurisdiction is entitled to enjoy human, and fundamental civil rights, and that they will commit themselves to, and actively cooperate in regards to this goal.

Further Chapters of the Charter provide the most important rules applicable to the organs, composition, and functioning of the Council of Europe.

Chapter VIII contains general provisions concerning the immunities and privileges of the Council of Europe, its member states, and of the representatives of its Secretariat. It also requires member states to agree upon the implementation of these provisions at the earliest possible date.

Based on these provisions, a General Convention concerning the privileges and immunities of the Council of Europe was established in Paris on 2 September 1949. It established the legal capacity of the Council of Europe in a manner consistent with established, and generally recognized international law, as follows:

Within the territory of its member states, the Council of Europe constitutes a legal entity. Regarding property owned by the Council of Europe, the Council enjoys immunity from the legal authority of member states. The Council's premises and buildings are inviolable, and are immune to constrained judicial or state administrative action.

Representatives of the member states and employees of the Secretariat enjoy privileges and immunities consistent with those evolved in the framework of law governing diplomatic relations, and of practice that evolved with respect to intergovernmental organizations.

A Memorandum signed in Strasbourg on 6 November 1952, is part of the General Convention. This Memorandum extends the application of the General Convention to new institutions and categories which were established in conjunction with expanded functioning of the Council of Europe. The Memorandum also established an opportunity to subscribe to the General Convention. This opportunity was not expressed in the text of the General Convention.

By virtue of Hungary's subscribing to the two documents described above, having the capacity of international law, as a result of Hungary's joining the Council of

Europe, it is the political and moral—although not legal—obligation of the Republic of Hungary to simultaneously become a signatory to the Convention concerning the protection of human and fundamental civil rights, as signed in Rome on 4 November 1950. This is consistent with the obligation accepted pursuant to Article 3 of the Charter.

Article 55, Section (1) of the Convention specifies that the Convention may be signed by member states of the Council of Europe, and that the Convention must be ratified.

In the course of making a commitment to the internationally agreed upon obligations, in general, the signing and the ratification of the Convention takes place in two phases, at different times. As far as Hungary is concerned, the Convention will go into effect on the day the document which ratifies the Convention is deposited. This is pursuant to requirements established by international law.

Although in regard to the signing, ratification and enforcement of high caliber, multilateral, international agreements similar to this Convention, there necessarily exist time intervals between these three events, with respect to this Convention. Both Hungary and the Council of Europe will act on the basis of the premise that ratification will take place only in about a year, or a year and a half after signing the Convention. This consideration is based on the following:

The Convention consists of five chapters. Within these chapters, definitions and provisions for the protection of human and fundamental civil rights are contained in 17 articles (Articles 2-18) of Chapter 1. The remaining provisions of the Convention govern the proceedings of the European Court on Human Rights, as well as closing provisions.

The Convention defines and requires the protection of human rights, more or less within the same scope as does the international agreement concerning civil, and political rights adopted in the framework of the United Nations in 1966. (Hungary ratified this Agreement in 1976. It became part of Hungary's laws as a result of Decree with the Force of Law No. 8 of 1976.) The similarity between, and in many respects, the identical provisions of the Convention and the Agreement are no coincidence, of course. Both documents are products of centuries of efforts made in the framework of human civilization. They reflect the same considerations which previously lead to the expression of the Bill of Rights in the United States Constitution, and to the evolution of the declaration of human and civil rights developed and adopted as the great achievement of French enlightenment and of the French Revolution.

Eight supplemental memoranda were written since the Convention was adopted. Memoranda numbers 3, 5, and 8, have a textual structure consistent with the text of the Convention, because these Memoranda contain primarily technical and procedural rules. From among the



remaining supplemental Memoranda, numbers 1, 4, 6, and 7, enrich the rights specified in the 1950 Convention with additional rights and civil rights, while Memorandum No. 2 authorizes the Court to issue advisory rulings.

As a result of the fundamental change that took place in Hungary, our basic legal system became consistent with the Convention to the extent that the amended Constitution, and particularly Chapter XII of the Constitution, which deals with basic rights and duties, as well as certain Hungarian laws which provide for certain human rights (e.g., the right to assemble, to form associations, judicial control over the restriction of the right to freedom, and the introduction of an opportunity to object to the performance of military service on grounds of conscience), regulate the same human rights in the same manner as in the Convention.

To verify and to ensure that all states that are parties to the Convention observe the obligations agreed upon by adopting the Convention, the Council of Europe established an international adjudicative mechanism which is globally unique.

Based on Article 24, any state which is a party to the Convention may turn to the European Human Rights Committee, if in the view of such state, another state which is also a party to the Convention violates the provisions of the Convention. Article 25 provides that individuals and groups of individuals may also exercise this right, if in their view, they are victims of the illegal conduct of a state which is a party to the Convention, provided that they have exhausted all legal remedies available in their own state, and only if the state charged with illegal conduct recognizes the Committee's jurisdiction in this respect. One should note here that all states that are parties to the Convention issued statements recognizing the jurisdiction of the Committee.

The Committee endeavors primarily to establish facts, and to reach peaceful settlements of controversies (Article 28). Yet if the Committee's efforts fail to produce results, the Committee will report to the Committee of Ministers, and will also take a position regarding the question of whether the state whose conduct was the subject of complaint violated the Convention (Article 31).

Within three months of the date that the Committee's report is submitted to the Committee of Ministers, interested parties defined in the Convention may submit their case to the European Court on Human Rights, provided that the states involved recognize the jurisdiction of the Court (Article 46). In this relation it is important to underscore the fact that all member states of the Council of Europe recognize the Court's legal authority.

The Court, or the Committee of Ministers, if a case was not presented to the Court within the specified three-month period, issues a ruling, or determination, as

applicable to the two institutions. Such ruling has mandatory effect regarding the states involved. By adopting the Convention all states declare that they recognize the rulings of the Court or the determinations of the Committee of Ministers as having mandatory effect (Article 32, Section (4); Article 53).

In the event that a state refuses to accept or comply with such decisions (rulings, determinations), it would be exposed to severe legal sanctions in addition to loss of prestige. As a matter of ultimate recourse, the membership of such states in the Council of Europe may be suspended or discontinued based on Article 8 of the Convention.

The Committee, the Committee of Ministers, and the Court, have pursued the above described activities for about 30 years, and expressed their views regarding several thousand cases, either by rejecting petitions, by ruling, or by determining that rights were violated. From the standpoint of the 23 member states of the Council of Europe, an affirmative or negative ruling by the court concerning some failure to act with respect to the fulfillment of one or another obligation is at stake. At the root of such failures to act, one finds that the state found to have violated a given provision of the Convention, also failed to coordinate its own laws with the provisions of the Convention. Consequently, as a result of an adverse judicial pronouncement, the defaulting state must not only remedy the individual complaint at issue, but it must also change the faulty legal provision so as to conform with the provisions of the Convention. Unless this is accomplished, the state will expose itself to a renewed adverse ruling by the judicial organs of the community based on the state's law which is deemed to be contrary to the Convention, and on new complaints concerning determinations based on the same legal provision. Sooner or later, the generally unfavorable consequences may be enforced. These were discussed above, relative to Article 8 of the Charter.

Accordingly, the adjudicative practice of these organs is suitable to remedy human rights violations suffered by an individual, as well as to establish a common direction to be taken in legal provisions, and in the practical application of laws involving human rights in Council of Europe member states. It is apparent that in the long term, this process of integrating laws will be suitable for enhancing European integration processes. As far as we are concerned, the fact that we may become familiar with this practice of applying laws, provides a favorable opportunity in the short term to compare this practice with the Hungarian legal system before the Convention takes effect with respect to Hungary. We may learn this practice from documents made public in the course of adjudicating individual cases, and primarily from Committee reports and the rulings of the Court. Thus, once the Convention takes effect, we may reduce to a rational minimum certain conflicts which could arise from the fact that certain approaches taken in Hungarian law do not comply with the human rights provisions of the Convention.

A statement above which asserts that Hungarian laws at the level of the Constitution, and laws defining fundamental human rights, may be regarded already as consistent with the requirements related to human rights and to civil rights contained in the Convention, and does not contradict the idea that the establishment of this consistency throughout our legal system is still ahead of us.

Prior to Hungary's joining the Council of Europe, all countries which became parties to the convention had also functioned previously under conditions of pluralist, parliamentary democracies. Their political and legal institutions reflected traditional European approaches. Despite this fact, with respect to each country, a relatively significant period of time had to pass between signing and ratifying the Convention. Finland, the country immediately preceding Hungary in adopting the Convention, signed the convention in May of 1989, and ratified it only in 1990. This time lapse was needed in order to have an opportunity to learn the principles expressed in the adjudicatory practice of the Court, to compare those principles with the whole of the international legal system, and if necessary, to change certain legal provisions.

As far as human rights are concerned, during the past decades, Hungary greatly deviated on significant points from the principles of the Convention. Despite positive changes made in the Constitution and in the framework of fundamental laws, it is apparent that much has to be done in respect to details. This is why the Administration, after discussing Hungary's agreement to subscribe to the Convention, concluded that by simultaneously seeking National Assembly authorization to sign the Convention, it will order the Minister of Justice to review the entire Hungarian body of laws, and if necessary, to continuously make recommendations to the National Assembly for the creation of legal provisions consistent with the Convention. This is to be accomplished in order to ratify the Convention at the earliest possible date.

As far as the above described process of adopting the Convention is concerned, it was discussed with, and agreed upon in advance by persons in authority at the Council of Europe.

Pursuant to Article 64, Section (1) of the Convention, any state may express reservations concerning provisions with which its own legal provisions are inconsistent at the time such interests are expressed. Such reservations must be expressed either at the time of signing, or when the document which attests to ratification is deposited. (Memorandum No. 6, which abolishes the death penalty, does not permit the expression of reservations.)

We have no reason to express reservations at the time we sign the document. Whether it will be appropriate to express reservations when depositing the document which attests to ratification may be determined only

based on the results of reviewing our legal system, as indicated in the previous paragraph.

### III.

Pursuant to Article 19, Section (1) Subsection (f) of the Constitution, agreements deemed to be significant from the standpoint of the Hungarian Republic must be consummated by the National Assembly. Beyond a doubt, the Charter of the Council of Europe, as well as the General Convention concerning privileges and immunities belongs in this category. Accordingly, consummation of such agreements takes place in the form of subscribing to these conventions. Although the moment when this is accomplished takes place when the Convention is ratified, and when the document attesting to ratification is deposited, considering the importance of the Convention, it is by all means necessary for the National Assembly to grant authorization for the signing of the human rights Convention, while simultaneously subscribing to these two Conventions.

Hungarian translations of the Charter of the Council of Europe, and of the Convention concerning the protection of human and fundamental civil rights, as well as the Hungarian translation of excerpts from the General Convention concerning the privileges and immunities of the Council of Europe, are contained in supplements to this Legislative Intent.

### Law To Provide for Independent Notaries Public

91CH0185C Budapest NEPSZABADSAG in Hungarian  
15 Nov 90 p 5

[Article by A.S.: "Independent Notaries Public"]

[Text] It was announced at a press conference yesterday that the offices of state notaries public will cease to exist. The press briefing was held at the Ministry of Justice on the occasion of the Second Central European Notary Public Colloquium to commence this weekend.

Deputy State Secretary Dr. Laszlo Kecskes told the conference that privatization of the activities of notaries public was part of the Deputy State comprehensive reform of the administration of justice. The legislative proposal now being prepared will change the activities of notaries public so they will become independent businesses. Contrary to preliminary plans, it is likely that the legislative proposal will be submitted to parliament early next year.

Ministry Chief Counsellor, Judit Bokay, stressed that as a result of the future organizational and financial independence of private notary public offices, not only will the service provision character of this specialized legal work gain strength, but the waiting period will also be reduced.

Responding to questions raised by foreign guests at the press conference, Ministry of Justice officials said that the need for services performed by notaries public

increases in parallel with the proliferation of private property. To support this growth, however, citizens must learn what types of cases they may present to notaries public. The representative of the Austrian Chamber of Notaries Public mentioned that in Austria his colleagues were not engaged solely in the drafting of public documents. They also provide legal advice, and in given cases represent their clients before the authorities.

The Hungarian law concerning notaries public is founded on the same basic principles, those gathered at the press conference were told. Provided that the cabinet proposal receives a green light from the parliament, the notaries public will be independently practicing lawyers in the future, who are authorized by law to prepare documents for a fee. These documents will express the will of citizens, and will reflect facts to the public in a credible manner. The document prepared by notaries public will carry the full force of proof [in judicial proceedings]. Notaries will also provide impartial advice to clients.

#### **List of 24 Laws To Be Dealt With by Parliament in 1990**

91CH0185D Budapest MAGYAR HIRLAP  
in Hungarian 10 Nov 90 p 3

[Article by Agnes Marvanyi: "Year-End Push for Legislation"]

[Excerpt] [passage omitted]

#### **Legislative Proposals Required for Next Year's National Administration Operating Budget**

##### **I. Legislative Proposals Related to Taxation**

1. Legislative proposal concerning dues. (Submitted by the cabinet to the National Assembly.)
2. Legislative proposal concerning the order of taxation. (Submitted by the cabinet to the National Assembly.)
3. Legislative proposal concerning local taxes. (Submitted by the cabinet to the National Assembly; although the legislative proposal has been removed from the agenda of the Committee on the Budget, Taxation, and Finance, the cabinet requested that the legislative proposal be once again placed on the agenda of the Committee and of the National Assembly, because this legislative proposal is not directly related to legislative proposals not yet submitted, and is therefore debatable.)
4. Proposed amendments to laws concerning entrepreneurial profit taxes, the general sales tax, and the personal income tax payable by private persons. (Deadline for submission: 15 November.)
5. Proposed amendment to Law No. 24 of 1988 concerning foreign investments in Hungary. (Deadline for submission: 15 November.)

6. Proposed amendment to the Law governing the Central Technical Development Fund. (Deadline for submission: 20 November.)

##### **II. Legislative Proposals Required for the Adoption of the 1991 Budget**

1. Legislative proposal concerning the 1991 state budget, and related property policy (privatization) guidelines. (Unless Parliament passes a budget law prior to the end of 1990, a separate law concerning the temporary management of the budget must be created by all means.)
2. Proposed amendments to Law No. 23 of 1988 concerning the Professional Training Fund.
3. Legislative proposal concerning the 1991 budget of the Social Security Fund.
4. Proposed amendments to Law No. 2 of 1977 concerning social security. (Pension limits, new rules for widows' pensions.)
5. Proposed amendments to Law No. 25 of 1990 concerning supplemental provisions for families.
6. Depending on the position to be taken by the Constitutional Court: Legislative proposal concerning subsidized interest payments on housing loans.

(Group II, Items 1-6 are closely related to each other; all of these will be submitted to the National Assembly by 1 December.)

##### **III. Legislative Proposals Required for the Functioning of Local Governmental Bodies**

1. Legislative proposal concerning the legal standing and certain functions of delegates of the republic. (Deadline for submission: 15 November.)
2. Legislative proposal(s) related to the authority and jurisdiction of local governmental bodies. (Deadline for submission: 1 December.)
3. Legislative proposal concerning the local governmental bodies of the capital city, and of its administrative districts. (At present, the Budapest local governmental bodies are preparing comments regarding the provisions of the local government law. The legislative proposal may be submitted to the National Assembly only after receipt of comments; the anticipated date for submission is prior to 1 December.)

##### **IV. Other Legislative Proposals**

1. Proposed amendments to Law No. 4 of 1972 concerning the judiciary. (The mandate of lay judges expires on 31 December 1990, therefore courts would not be able to function unless these amendments are adopted. Submitted by the cabinet to the National Assembly.)
2. Legislative proposal concerning the promotional system for, and compensation to be paid to, judges and prosecutors. (Deadline for submission: 15 November.)

3. Resolution concerning the Vienna-Budapest World Exposition, and legislative proposal concerning the world exposition. (The cabinet will make a final decision following the receipt of comments by the capital city local government.)

4. Legislative proposals related to indemnification, land and cooperatives. (Deadline for submission: 1 December.)

5. Legislative proposal to increase employment, and to provide for the unemployed. (Deadline for submission: 1 December.)

### **Cabinet Grants Restitution to Victims of Past Injustice**

*91CH0185E Budapest NEPSZABADSAG in Hungarian  
10 Nov 90 p 4*

[Report on Cabinet spokesman's briefing]

[Excerpt] [passage omitted] The Cabinet reviewed the situation of persons convicted illegally between 1945 and 1963, and of persons convicted for their participation in the 1956 revolution, from the standpoint of social security benefits and the labor law. The present Cabinet decree supplements the previous legal rehabilitation and determines the extent of restitution to be provided to these persons. The decree applies to persons deprived of their personal freedom, who were interned, relocated, deported, convicted by Soviet military tribunals for political reasons, or taken to the Soviet Union during the final months of World War II. Rehabilitation and restitution are also due to persons who were taken in custody for future internment or relocation, but whose internment did not materialize.

The planned action affects about 120,000 persons of retirement age. The extent of restitution is as follows: Based on the total number of years during which a person's freedom was restricted, a monthly stipend of 500 forints in pension supplement will be paid after the first such year. For each additional year of "captivity" an additional 250 forints per month pension supplement will be due. If a person was deprived of his personal freedom for more than five years, a monthly pension supplement of 300 forints will be due for each year after the fifth year in which the convict's personal freedom was restricted. [passage omitted]

### **National Security Office: Secret Agent Recounts Dismissals**

*91CH0185A Budapest MAGYAR HIRLAP  
in Hungarian 12 Nov 90 p 3*

[Remarks by an unidentified former employee of the National Security Office, recorded by Karoly Lencses: "Confessions of a Former Counterintelligence Agent: The 'Calm Force' and the Dismissed Legion"]

[Text] A former employee of the National Security Office, who asked not to be identified, told our reporter the following story:

"Perhaps it would be appropriate for me to begin by saying that Lajos Nagy, the first head of the National Security Office—actually the successor organization of counterintelligence—was appointed by the Nemeth government. Nevertheless, interparty negotiations concerning his person had already taken place at that time. No one objected to his person. Subsequently the new government confirmed his position. We appropriately came to believe that the 'calm force' would indeed regard competence as the primary criterion, and therefore, we would not have to be concerned either. Counterintelligence was the field in which it was not possible to pursue a typical party career because the profession rejected unsuitable persons. At the same time, the crimes attributed to us did not serve as a burden, as they did for example with workers at the Group III/III command.

"Nevertheless, despite the evolution of circumstances which could have been regarded as favorable, some employees, primarily the leaders, were restless, although they had nothing to fear. All were outstanding professionals in their respective fields. Later this fear took a specific shape. There were whispers about a roster which enumerated persons regarded as unreliable. We did not want to give credence to such rumors, even though there was talk about the selection criteria on the basis of which the list was prepared. We heard rumors that former party functionaries—of which there were few—who graduated in the Soviet Union, who perhaps were graduates of the political academy, and particularly if they got married in the Soviet Union, were threatened with dismissal. Mr. Boross, the minister without a portfolio, announced that no such list existed and that no such list had been prepared.

"Toward the end of August, uncertainty once again increased when Lajos Nagy was told upon his return from vacation that he was dismissed. We gave less and less credence to the apparently genuine promises made by the cabinet, nevertheless we continued to work. We did so, even though by that time, the existence of a roster was discussed openly. At best, the only secret that remained was the person who prepared the roster, and the manner in which it was prepared, because no one touched our personal records. Then the secret was revealed at last, at the end of September. The acting director met with his immediate subordinates and verbally conveyed the list of dismissed persons. These direct subordinates informed the affected persons on that same afternoon. Two days later all of us were summoned to headquarters. Judgment was announced there without providing justification. Notice was given to 48 persons, not only to the 39 mentioned in press reports. Incidentally, we tape recorded the statements made at headquarters, but I am able to recall the essence of the statements even without the tape recorder. They announced that persons entitled to receive pension benefits will be retired based on considerations of fairness at their own

request effective 1 October, while the employment relationship of the rest will be severed following receipt of the legally required severance payment. Related orders were quickly distributed. They added that these decisions cannot be appealed, and then regarded the action as complete.

"Several persons protested of course, but nothing could be done about the dismissal. The most the pensioners could do was to claim that they did not request their retirement. In response they received a letter a few days later inviting them to the office. They were presented a stenciled form which indicated the following: In consideration of fairness they were to request their retirement, because they were unable to accept the position offered to them in the course of reorganization. The date on these papers was missing, of course. The question arose that what if someone does not sign this paper? In response they learned that in that case no consideration of fairness existed, i.e., no full pension would be paid. I think one can understand why all of the persons signed the paper thereafter.

"Ever since that time we have been racking our brains to find some explanation for our dismissal, but we could not come closer to a solution even though one month has elapsed. Most of these 48 people know each other, and we know who did what in the course of the past years. Yet we did not succeed in figuring out the common characteristic which could have served as a reason for our removal. Party membership could be ruled out because within counterintelligence, all persons who worked there for a longer period of time had to join the party. Moreover, prior to the 1970's no person was hired unless he was a member of the Hungarian Socialist Workers Party [MSZMP]. But let us recount a few specifics. They dismissed a former party secretary, but other party secretaries remained in the office. Some of us graduated in the Soviet Union, but others remained as members of the staff. Among the 48 dismissed persons we may find perhaps a single group that can be defined, and that is virtually the entire executive staff of counterintelligence as of last year, about a dozen people. Not even a vague explanation like this occurs regarding the rest. It is particularly difficult to understand the reasons for dismissing young people with one or two years of practice, and some subordinate professionals.

"I can state on behalf of all of us that we are unable to reconcile this method with the practices of a country which professes itself to be democratic. Let's just think; will the next government also start some house cleaning? Let them tell us if we committed a crime, or if we made a mistake! We would even agree to an after the fact investigation. We would face it rather than experience this kind of discrimination. Whoever makes reference to professionalism should take this seriously, and professionalism should be the exclusive organizing principle. But please! Could we expect this at a place where a former catering industry executive can become a minister overseeing the secret services?

"I heard statements according to which our friends who work at the office should not feel secure either, because they are no more reliable than we were. The second echelon took the place of the dismissed leader—true, only on an acting basis—but why would a deputy be better than his boss was earlier? I understand that several persons intend to write an open letter to Mr. Boross seeking a direct answer as to their future.

"I am unemployed at present. Even with a high-level degree and with foreign language skills I have been unable to find a job during the past five weeks. I went to 30 or 40 places, but the most they could promise was that they would notify me. I have money for the time being. Perhaps the stigma will be removed from our foreheads with the passage of time."

### **Workers' Guard Property Disposition: Status Report**

*91CH0185B Budapest NEPSZABADSAG in Hungarian  
15 Nov 90 p 4*

[Article by Cs.K.K.: "Workers' Guard Property Under the Auctioneer's Gavel"]

[Text] Eighteen pieces of former Workers' Guard real estate are to be auctioned or sold on the basis of competitive bidding, while an additional two buildings will be utilized in the form of joint enterprises or stock corporations, according to a press conference held by the Ministry of Finance Institution for the Management and Utilization of Sequestered State Property.

Government Commissioner Nandor Gruber, who prepares the former Workers' Guard real estate property, told journalists that decisions had to be made concerning 143 pieces of real estate and four incomplete investment projects. In many instances, however, notations in land registers were missing. Alternatively, the former Workers' Guard constructed part of the buildings jointly with the Hungarian Socialist Workers Party [MSZMP]. The situation of 100 pieces of real estate has been clarified thus far. Of these, 66 were transferred free of charge for educational, social welfare, and health care purposes. Some of the buildings were given to the police, to the courts, to the Order of Malta Charitable Service, and to the Aerocaritas. Seven of the target shooting facilities of the Workers' Guard were given to the armed forces and other armed bodies.

At the current cabinet auction and competitive bidding process, 18 pieces of real estate valued at about 1 billion forints are offered for sale, according to Gruber. A maximum of 50 percent of the selling price will be transferred to the local governmental bodies involved, proportionate to the financial contributions they made.

## POLAND

### POLITYKA Weekly News Roundup

91EP0108A Warsaw POLITYKA in Polish No 45,  
10 Nov p 2

[Excerpts]

#### National News

At least 22 parties, political groups, and social organizations have come out in support of Lech Walesa's candidacy for the presidency.

The Presidium of the National Council of Patriotic Federation Grunwald has issued an election declaration. "Let us not be led astray by yesterday's internationalists and today's cosmopolitans, paid international revolutionaries, renters in our native home. Let us also not attach any hopes to T. Mazowiecki, the creator of the most recent 'renewal' that has only damaged the country. In voting let us support an authentic Pole. In an ethnically unified state, the Office of President can only be held by a man for whom our country is his only homeland."

The Bialystok city council has made Lech Walesa and Ryszard Kaczorowski, president of the Republic of Poland in exile, honorary citizens, and it has also decided to remove the monument to Wladyslaw Gomulka.

At its congress, the Union of Polish Teachers adopted a vote of no confidence on the policy of the Ministry of National Education. The government has decided that 107 magazines and newspapers of the liquidated Workers' Publishing Cooperative are to be sold at auction; 70 titles are to be transferred to journalist cooperatives that will continue publishing them, three will be taken over by the State Treasury. The state will also take over distribution, the Central Photography Agency, a portion of Interpress, and nine printing plants. The other printing plants will be put up for auction or transferred to cooperatives.

The Polish Primate, Cardinal Jozef Glemp, received a delegation of policemen led by Main Commandant Leszek Lamparski. The principles of the organization of pastoral care in the professional community were discussed.

Interviewers for the Center For Research on Public Opinion asked 1,000 randomly chosen individuals how they judge the efforts of T. Mazowiecki's government after one year: Five percent answered entirely positively; 52 percent, rather positively, but with certain reservations; 28 percent, rather negatively although it has achieved a few things; six percent completely negatively; and nine percent, it is hard to say. The group that judged the current government particularly positively were white-collar workers, especially those with higher educations. Farmers were most critical.

The Markit Foreign Enterprise has demanded 7,943,400 zloty in damages from the leader of NSZZ [Independent Self-Governing Trade Union] Solidarity of the Kujawy and Dobrzyn Region and from the wojt of the Lipno gmina for losses suffered as a result of the recent blockade of the roads by local farmers. Unless paid, the director of Markit is threatening to take the matter to court.

The so-called Wilanow group of the Polish Peasant Party (PSL) associated with Henryk Bak has entered a claim with the Warsaw Voivodship Court. In May 1990, they boycotted the unification congress of the Polish Peasant Party, and today they are accusing the Polish Peasant Party led by Roman Bartoszcze of appropriating the party name.

The Automobile Factory has proposed selling Polonezes through installment payments. The first payment would be 20 percent of the value of the car, and the rest of the credit would be spread over a maximum of 23 payments at an interest rate of four percent a month. The current price of the Polonez, depending on the equipment and paint color, varies from 53 to 60 million zlotys. [passage omitted]

In many occupations wage negotiations are in progress and strikes have occurred. Recently, city transit employees, miners, dock workers, and policemen have been protesting the most.

At the end of September 1990, 157,400 of the graduates of higher, secondary, and vocational schools were still without work. That is one in every three.

Nominations: Anna Adamiak (age 29) of Elblag was chosen chairwoman of the Union of Professional Employees of the General Prosecutors Office.

The weekly WPROST reports several army divisions could be outfitted with the weapons in the hands of the private citizens of Poland. There are, among other things, 140,000 sporting and hunting rifles in home arsenals.

In the referendum, 65 percent of the employees of the steelworks in Sosnowiec supported keeping its current name in honor of the communist Marian Buczek.

Aleksander Hall was chosen chairman of the Forum of the Democratic Right (FPD) at its first congress; the Forum of the Democratic Right (FPD) consists of liberals, Christian Democrats, and conservatives who have declared their support for the presidential candidacy of T. Mazowiecki.

Lot Polish Airlines has ended its flights between Warsaw and Slupsk and Koszalin; it has, however, begun flights on a Rzeszow-Warsaw-New York-Chicago route. [passage omitted]

POLSKA ZBROJNA, the new paper of the Polish Army, has revealed that Marshal Michal Rola-Zymierski cooperated with Soviet intelligence beginning in 1932.

Poland has signed an agreement with the Republic of South Africa on establishing relations and the opening of Permanent Interests Offices in the capitals of both countries. [passage omitted]

### Opinions

*Tadeusz Ulma, senator from Przemyśl:*

(Interviewed by Czesław Duska, *ZYCIE PRZEMYSKIE* 24 October 1990)

[Answer] I voted for the Antiabortion Law. I was among the eight senators who supported punishing women, the doctor, and individuals, I would say, cooperating in the killing of the unborn child....

[Question] Is it true that the legislative initiative was born under pressure by the Church?

[Answer] The Church pressed out of the interest and good of the nation; the Church hierarchy has no private, if one might term it so, interest in this. The Church has always been with the nation; thus, one cannot be surprised by such a position.

*Dr. Lucjan Adamczuk, adviser to the president of the Central Office of Statistics for Religious Affairs:*

(Interviewed by Ewa Ostrowska, *SZTANDAR MŁODYCH* 9 October 1990)

[Question] If one looks at a map, can you see our religious variety?

[Answer] You can. In geographical terms, the three areas of the greatest intensity of religious practice are the Krosno, Rzeszów, and Nowy Sącz Voivodships. In terms of rituals, all the eastern voivodships show a higher level of religiosity than the remaining voivodships. Looking beyond Poland's boundaries toward the north in the direction of Christian Lithuania, Latvia, and Estonia, and to the south in the direction of Slovakia and Hungary, today, as in the past, to a large degree associated with the faith of the Catholic Church, one can say that this geographical belt is almost an ideal reflection of the forefront of the Christian wall.

*Krzysztof Kozłowski, minister of internal affairs:*

(Interviewed by Lesław Maleszka, *GAZETA KRAKOWSKA* 22 October 1990)

[Answer] Contrary to all speculation the number of intelligence officers in the Polish diplomatic service in the West did not exceed a dozen or so percent. There is the further question of the sinecures created in various embassies for various political activists, who were put out to pasture. Employees of the Ministry of Internal Affairs, not necessarily from the first or intelligence department, not as spies, but as part of the *nomenklatura* at preretirement age.

[Question] A dozen or so percent calculated in terms of?

[Answer] The whole population of Polish diplomats abroad amounted to about 1,000 individuals.

[Question] A dozen or so percent of 1,000 is a hundred and some odd spies.

[Answer] I did not hear this question.

*Władysław Frasyniuk, leader of Citizens Movement—Democratic Action (ROAD):*

(Interviewed by Waldemar Koczewski, *GAZETA ROBOTNICZA* 19 October 1990)

[Answer] The drive to settle accounts with the former *nomenklatura* and to remove it from leadership positions only because the *nomenklatura* was the *nomenklatura* is still alive in Walesa's camp. In my opinion, today no other criterion for changing personnel should be used than professional competence. And it is unimportant who carried what kind of party card previously. For this reason, I do not want to participate in the reconstruction of the "great proletariat." I fear the slogan of the dictatorship of the proletariat—the healthy core of the nation. I fear the workers' mood for revenge, encouraged in various ways by Walesa's people, because I think that workers can become the most conservative force in Poland, blocking economic changes.

*Prof. Dr. Jerzy Szacki, a sociologist at Warsaw University:*

(Interviewed by Ewa Zalewska, *DZIENNIK ŁÓDZKI* 16 October 1990)

[Answer] It is not surprising that we are seeing a flare up of intolerance. We are not prepared for such a large dose of freedom. For decades, one side was right, had power and "goodwill." And now a gap has appeared. The inclination to imagine that everything which is the inverse of what was right and good is filling in the gap. It is sufficient to invert communism and everything will be fine.

### Parliamentary Clubs, Sejm Realignments

91EP0139A Warsaw *POLITYKA* in Polish No 46, 17 Nov 90 p 7

[Article by Marek Henzler: "The Sejm Game of Musical Chairs: Where Are the Deputies?"]

[Text] The roundtable contract provided that 65 percent of seats in the Sejm would be occupied by deputies representing the political parties and groupings of the then existing People's Poland regime while the remainder would be apportioned among popularly elected candidates from other political groupings. That remaining 35 percent of seats was clinched with ease by "Walesa's team."

The final apportionment of the seats after the elections was as follows: the PZPR [Polish United Workers Party],



173; the OKP [Citizens Parliamentary Club [Solidarity]], 161; the ZSL [United Peasant Party], 76; the SD [Democratic Party], 27; PAX [proregime Catholic association], 10; the ChSS [Christian Social Union]; and the PZKS [Polish Catholic-Social Union], 5. It seemed that such a makeup of deputies, grouped in seven party caucuses, would remain a stable element of our political life for the next four years. But that proved to be a mere pious wish.

The changes in the adjoining countries, the dissolution of the PZPR, the transformations within the peasant movement, the change in the makeup of the government coalition, the "acceleration" by L. Walesa, and the presidential election campaign resulted in that in the present-day Sejm there is no more PZPR or ZSL (with the latter transforming itself into the PSL "O" [Polish Peasant Party "Rebirth"]) and subsequently into the PSL [Polish Peasant Party], while the ChSS renamed itself the UChS [Christian-Social Union]. Instead of seven caucuses of deputies we now have 11 plus many unaffiliated single deputies. The chairmen of the four largest caucuses have already been replaced (four times in the SD caucus). Likewise, few common ties, other than posed photographs with Lech Walesa, now link the members of the OKP. Thus there is nothing surprising in that during debates and votes in the Sejm sometimes strange and formerly inconceivable political alliances are formed. How do these divisions within the Sejm look today, on 11 November 1990?

#### What Is Left of the Left?

The PZPR Deputies Club at first had 173 members and was chaired by Marian Orzechowski. The first crack in its smooth surface appeared when Deputy Marian Czerwinski became the only PZPR deputy to vote against the nomination of Wojciech Jaruzelski to the Presidency and subsequently was the first among PZPR deputies to give up his party card. His example was followed by several others and in the Sejm there appeared the Independent Deputies Club linked by the common bond of having resigned from the PZPR even before it had dissolved itself last January. Nowadays the Independent Deputies Club has nine members. It is headed by Zbigniew Kostrzewa, because its previous chairman Marian Czerwinski once again "accelerated," joined the unaffiliated deputies and then decided to join the ROAD [Citizens Movement—Democratic Action].

But the principal schism within the PZPR caucus was a derivative of the schism at the last congress of that party, which resulted in the emergence of A. Kwasniewski's SdRP [Social Democracy of the Polish Republic] and T. Fiszbach's PUS [Polish Social Democratic Union]. The PKLD [Parliamentary Club of the Democratic Left] was formed, with three circles or subcaucuses: the SdRP (23 members), the PUS (33 members), and the circle of nonparty deputies—altogether more than 100 members. After some time the PUS attracted some more members from the circle of nonparty members (it now has altogether 44 members) and resolved to become completely

independent and form itself into the Deputies Club of the Polish Social Democratic Union, with deputy Wieslawa Ziolkowska as its chairperson.

At present, this new club has 41 members. Deputy Jerzy Nowakowski passed away, while Deputies Janusz Szymborski and Jan Goczol shifted their allegiance to the group of unaffiliated deputies, with Goczol attributing his decision to "the impossibility of identifying myself with the personal option in the Presidential election campaign," after the PUS leader T. Fiszbach supported the candidacy of L. Walesa. Fiszbach's decision resulted in a schism among the leadership of the PUS (the party, not the caucus), with all three deputy chairpersons resigning. At the same time, Deputies Andrzej Bratkowski and Marek Krol also resigned from the PUS but remained members of the PUS Deputies Club. At present only every fourth member of the PUS club belongs to that party, with the remainder being nonparty sympathizers.

A similar situation exists within the caucus of PKLD [Parliamentary Club of the Democratic Left] deputies of whose 103 members only some 22 belong to the SdRP. Currently that caucus is chaired by Deputy Wlodzimierz Cimoszewicz, a nonparty member and one of the candidates for the Presidency.

Where are the other former PZPR deputies? Seven joined the recently formed Military Deputies Club, chaired by Colonel Zbigniew Puzewicz. That caucus associates military professionals elected as Sejm deputies who, as if experiencing growing pains, resigned from the PKLD after work on a law prohibiting the membership of military officers in political parties was started. Since then nothing more has been heard about that law, but the Military Deputies Club endures. It has not been joined by Deputy Czeslaw Kosinski, the only military man who had joined the PUS instead of the PKLD following the dissolution of the PZPR, and who to this day remains a member of the PUS.

As many as 11 former PZPR deputies can be found among the unaffiliated deputies; they include Minister Marian Swiecicki and former head of the PZPR caucus Marian Orzechowski.

#### The Democratic Party (SD) Is Looking for a Niche for Itself

It is most difficult of all to determine the political affiliation of Deputy Jerzy Bartnicki. He started out as a member of the PZPR caucus, and then stayed with the PKLD until last March, whereupon he transferred his allegiance to the group of unaffiliated deputies, but a month ago he joined the SD Deputies Club. Why?

As he admitted in ILUSTROWANY KURIER POLSKI, he had always admired the SD deputies: "They are characterized by openness, freedom of comments, a broad range of positions, and, in my opinion, genuine democracy. I also like best the leaders of that caucus. Anna Dynowska as the chairperson is vigorous and



proactive and highly professional, and the relationships among the members of that small group are excellent and amiable."

It is difficult to believe in this idyll at the SD caucus. Chairperson Anna Dynowska is already the fourth person to chair that caucus, and initially, while a member of the SD, she had remained outside that caucus for a year. Two of the former chairmen are nowadays among the unaffiliated deputies, with Zbigniew Rudnicki having simply resigned from the SD and Tadeusz Bien becoming a signer of the Center Accord declaration. Three other deputies also had resigned from the SD caucus, and six already are said to have signed the Center Accord declaration. From an original membership of 27 the caucus has dwindled to 22 members (a "stray lamb" from the former PZPR joined it).

"We somehow cannot find a niche for ourselves," said recently SD Deputy Andrzej Bondarewski. Owing to a maneuver by L. Walesa in the summer of 1989 the SD had broken away from the old government coalition and joined the new one. In the government of T. Mazowiecki it holds the portfolios of one deputy premier and two ministers of state. Now that L. Walesa and T. Mazowiecki no longer play on the same team, selecting a new coalition ally is no longer so simple and easy.

#### Seven Factions Under the Same OKP Roof

The Citizens Parliamentary Club (that is, more exactly, the Sejm deputies belonging to it [if the senators are excluded]) initially had 161 members and was the second-largest Sejm caucus. Nowadays it has 155 members and formally is a single whole, but only formally.

The slogan "Vote for Solidarity," with which Walesa's candidates had entered the [1989] elections erased only temporarily the actual political divisions within the OKP. The presidential campaign in which the favorites are Walesa and Mazowiecki has resulted in sharp divisions and the dismissal of the presidium of the caucus, chaired by Prof. Bronislaw Geremek. Deputy Mieczyslaw Gil was elected the new chairman of the caucus.

The first to leave the OKP was Deputy Ryszard Brzusz, who protested against the participation of OKP deputies and senators in electing W. Jaruzelski to the Presidency. At present he is among the unaffiliated deputies. The next breach in the caucus occurred last August, when an agricultural section of the OKP was formed, with the Deputies Roman Bartoszcze, Stanislaw Majdanski, Tadeusz Kaszubski, and Janusz Rozek, and later still, Stanislaw Tomkiewicz, quitting that section and founding, jointly with several deputies from the former ZSL [United Peasant Party], the separate PSL [Polish Peasant Party] Club chaired by Roman Bartoszcze. In response to that initiative, the agricultural section of the OKP gave birth to the PSL "S" [Solidarity] Circle, headed by Jozef Slisz, which remained part of the OKP structure. Such was the beginning of the divisions within the OKP.

Late last October at least seven different circles and factions could already be identified within the OKP. These circles and factions unite parliamentarians with similar political outlook as well as those representing particular interest groups (e.g., the agricultural section, or the group for protecting workers' rights). These seven factions are: the aforementioned PSL "S" (22 deputies and 8 senators); the Group of Christian Democrats (55 deputies and 12 senators headed by Deputy Pawel Laczkowski); the Parliamentary Liberal-Democratic Group (4 deputies and 12 senators, headed by "the three Andrews": Andrzej Arendarski, Andrzej Zawislak, and Andrzej Machalski); ZChN [Christian-National Union] Circle (3 deputies and 3 senators, who for some time now have ceased to pay OKP dues, headed by Jan Lopuszan-ski); the Forum of the Democratic Right (8 OKP members); the Center Accord Parliamentary Circle (41 deputies and 12 senators, headed by Jaroslaw Kaczynski); and ROAD [Citizens Movement-Democratic Action] (25 deputies and 23 senators; leaders—Adam Michnik, Andrzej Wielowieyski, and Henryk Wujec).

On 8 November the OKP changed its rules so that now its members may belong to only one circle each. Previously some members belonged to as many as three circles or sections simultaneously. The size of each circle's membership will determine the extent of its representation in the OKP presidium. It is thus to be expected that in the next few days OKP members will define their personal political affiliation and that new leaders will emerge from the circles, given their new membership.

The status of the OKP will become clearer, but that will be only a temporary truce. It is assumed that the division within will become explicit only after the presidential elections. At present ROAD, the Forum of the Democratic Right, the group for the protection of worker interests, and a minority of Christian Democrats support Mazowiecki, while the PSL "S" Circle, ZChN, Center Accord, the Liberal-Democratic Group, and a majority of Christian Democrats support Walesa.

#### The PSL's, Big and Little

The third largest caucus in the Sejm at present is the PSL Club, chaired by Jozef Zych, with 73 members. It also is nicknamed the "Big" PSL as opposed to the "Little" PSL headed by Tadeusz Kaszubski (not to be confused with the PSL "S"). Why two PSL caucuses? The former ZSL caucus first transformed itself into the PSL "Rebirth" caucus, which was not joined by several ZSL deputies who, jointly with several peasant deputies from the OKP, formed, as I mentioned before, the PSL Club headed by Roman Bartoszcze.

Following last May's Unity Congress of the Peasant Movement the fusion of PSL "Rebirth" with PSL "Wil-anow" resulted in the formation of the new PSL headed by Roman Bartoszcze and, in the Sejm, the new PSL Club. Not everyone liked that, and four dissatisfied deputies (three from OKP and one from ZSL) remained in the former PSL Club now headed by T. Kaszubski.

"We don't want to be parliamentary trash," the deputies belonging to the big PSL caucus claim nowadays. Being opposed to the current agricultural policy of the government, they have openly joined the opposition and withdrawn their support of the PSL ministers in the Mazowiecki administration. In the presidential elections they put forward their own candidate [Bartoszcze]. What they are dreaming of is, if not victory in the future parliamentary elections, at least winning a sufficient number of Sejm seats to tip the political balance.

Only the membership of the caucuses associating deputies from Catholic groupings has remained unchanged, except that while initially all three of these caucuses had supported the new coalition in the Sejm and in the government, nowadays the PAX and the PZKS support Walesa while the UChS has declared its support of Mazowiecki.

The last grouping of deputies to be discussed is the unaffiliated deputies. They include "dissidents" from former PZPR, ZSL, and SD caucuses, who often ogle the various OKP circles, and deputies who nowadays, owing to their profession (e.g., as judges) or office held (government officials) cannot belong to political parties. There already are as many as 21 such deputies. Eleven come from the former PZPR list, five from the SD, four from the ZSL, and one from "Walesa's team."

Barely 17 months have passed since the elections, and, although the Sejm is working well and is passing laws efficiently, it has almost completely ceased to be politically representative. This is meeting with a wave of criticism, and the deputies are undoubtedly justified in having resolved in favor of self-dissolution of the Sejm by the end of the first quarter of next year. Had they not done so, the political divisions would continue to deepen and the future president and, above all, the future prime minister would in no way be capable of rallying round himself the needed parliamentary majority.

## YUGOSLAVIA

### Croatian Assembly Vice President on Controversial Issues

91BA0114A Belgrade STUDENT in Serbo-Croatian  
18 Oct 90 pp 11-13

[Interview with Croatian Assembly Vice President Vladimir Seks; place and date not given: "Croat Surrounded by Serbs"]

[Text] Man always has some ideal, some hope. He knows whether or not it is a utopia only if he tries to realize it. Many people call politics prostitution. Those who subscribe to this view think that it changes people, especially if they are too emotional. You never know how people are going to develop in politics. A person could end up one day as a fanatical nationalist, but could then evolve into some type of democratic sphere.

Lawyer Vladimir Seks, while defending Miodrag Milic and Vladimir Miljanovic in 1984, was clearly not a certified Croatian nationalist. He even emphasized his cosmopolitanism. This is why it is impossible to paint a portrait of this controversial vice president of the Croatian Assembly. While departing for Zagreb, I thought about the metamorphosis of Vladimir Seks. The editor of the mouthpiece of the Croatian Society for Political Prisoners, writer Mate Talijancic, depicted Seks as a "striking figure whose beard, like that of Dr. Ante Starcevic, reminds one of a whole series of promoters of Croatia and Croatian freedom." In contrast to that flattering introduction, Tanja Torbarina wrote: "Mr. Seks will introduce into the Constitution provisions whereby each parent has the right to decide how many children he will have. And he will also introduce provisions whereby every child who is created has a right to be born even though he was created as a result of his father's clumsiness. While Seks himself has given utterance to this, he has realized with shock what awaits him. From now on, he will have to perform the duties of judge and gynecologist. When some woman says that she does not want to give birth, Seks will interview her child about whether he wants to be born. Then, Seks will have a long, intimate, internal conversation with the fetus. And only then will he emerge and hand down a sentence on the female Croat."

He received me in his office at the Croatian Assembly. Generally, Mr. Seks is calm, talks quietly, without a trace of the behavior of the most vociferous extremists of present-day Croatia. He did not request authorization, asking only that I convey our conversation faithfully!

[STUDENT] As far as I can tell, the first wave of the 1960's mass movement passed you by. Then, as the deputy district attorney in Osijek, you brought charges against the director of the post office "for violation of citizens' privacy." That is when your troubles began. Would you say something about that?

[Seks] In 1971, as deputy district attorney, based on a written complaint concerning a well-founded suspicion that the Osijek post office, in conjunction with state security, was illegally handling a large quantity of letters coming from abroad as well as those sent abroad, I took completely legal action. Even the head of state security in Osijek admitted that parcels had been opened. The admission was confirmed and established beyond any doubt before an examining magistrate. However, when the events of 1971 happened in Croatia, the police were given a completely free hand, and it was officially declared to be an "assault on the state security service in order that domestic and foreign enemies may be allowed to take action unchecked." Persecution was launched against a large number of people. I was forced to resign, and then the reprisals began that were judicially sanctioned, because I had at my disposal material evidence that the entire thing was *lege artis* [according to law]. But the trial did not take place until 10 years later.

[STUDENT] Afterwards, under the law of the Republic of Croatia, you were barred from practicing as an attorney. At the time you went to Belgrade, but only Rajko Danilovic and Velimir Cvetic supported allowing you to work. Veljko Guberina was explicitly against it!

[Seks] Beginning in 1972, since I was barred from doing so in Croatia, I joined the bar in Sid, under the Lawyers Chamber of Vojvodina, and I worked the entire time as an attorney. What you are talking about happened in 1981, when I defended Vladimir Miljanovic and Miodrag Milic. I requested that I be accepted into the registry of Belgrade attorneys. And despite the support of part of my Belgrade colleagues, I was not accepted.

[STUDENT] It is said of the HDZ [Croatian Democratic Community] that it is a party led by former convicts. To be somewhat cynical, it would be better to arrest poets rather than generals, since not a single general has come to power in one of our republics. Is it a fact that the HDZ has too much of a nationalistic tinge?

[Seks] As regards convicts, one must specify what kind of convicts. What we are talking about is the fact that leadership functions in Croatia are now being occupied by some of the people who were politically banished, and who were sentenced in political trials. In our Balkan region, it is standard for one to go from prison into politics, and from politics into prison. The Communists were also in prison, and then they came to power. And in Serbia as well, some of the current leaders were subjected to political and judicial repression. It would be nothing unusual if they were to come to power. I would not agree with you that the HDZ is nationalistic, it is a national party. The connotation of nationalism in the Bolshevik system is always that of a synonym for chauvinism.

#### Union of States or Secession

[STUDENT] Despite my use of a Bolshevik term, I was thinking in terms of chauvinism. My question should have been whether the HDZ is a chauvinistic party.

[Seks] No, absolutely not, but in every party, every movement that is mass-based and that has hundreds of thousands of members, it is obvious that there are people with a chauvinistic orientation. The vast majority is not, nor is our policy chauvinistic, just as the realization of that policy is not.

[STUDENT] Looking over your earlier interview, I noticed that you talked a lot about the period when you were unable to say that you were a Croat. It seems to me that now in Croatia you can not say that you are a Serb!

[Seks] I would not agree with you. Look: The Communist Party of Croatia and Yugoslavia pursued a policy of repressing national sentiments in Croatia. After the collapse of the mass movement, the expression of Croatianhood was proscribed. A person who spoke his mind in this way and expressed his affiliation to Croatia with a little more emphasis was suspect. He wore the label of nationalist, which was very much reflected in his entire

social status. But at the same time, the Serbian nation in Croatia, not as a whole, but part of the Serbs, was privileged. They occupied a disproportionately large number of positions in the state administration, politics, the economy...

[STUDENT] It was mostly children from undeveloped areas who decided to go into the army and to schools of internal affairs. Four years of free schooling, housing, and support money meant a great deal to their parents' otherwise impoverished budget!

[Seks] But those areas are mixed. It is not only Serbs who live there. Both groups live in Cetina, Lika.

[STUDENT] With the completion of the first hundred days of HDZ rule, the established defensive embargo has been lifted and your government has been subjected to criticism by the opposition parties. Tom and Jerry are becoming Tomislav and Jeronim, and the terms for "sidewalk" and "police station" are being Croatianized.... You are being criticized for being more concerned with form than with substance, and for having become a commission for renaming streets and squares. The HDZ is condemned for having no concrete economic program. Dr. Drazen Kalodjera has resigned. In an explanation, the reason given for his resignation is disagreement with the plan for restructuring the economy promoted by government Vice President Dr. Mata Babic, which is thrown onto five short pages christened "The Economic Policy of the Republic of Croatia." Say something about the economic program of the HDZ and the resignation of Dr. Kalodjera!

[Seks] The renaming of the streets of Zagreb signifies a farewell to odious symbols of the times. It is a return to our roots, and names that have never gotten along well with Zagreb, nor it with them, have been expunged. This is not inherent to Croatia alone, it is also happening in Serbia. This is incidental, routine activity. The government is formulating the foundations for overcoming the economic crisis. The economic question is pivotal. The world does not recognize the type of economic model that existed and still exists throughout Yugoslavia. The economic program of the HDZ can be reduced to one sentence: We must effect a transformation of social ownership into private and joint-stock ownership. There are two basic approaches involved here: Milton Friedman's and Geoffrey Sachs'. This means that everything over which the federal government is agonizing, regards how to technologically carry through this transformation from social to private ownership. Minister Kalodjera advocated taking the course whereby the transformation of social into joint-stock ownership would happen without the intercession of the state. By selling stock, social ownership would gradually be transformed into private ownership. Minister Babic advocates a plan whereby the social restructuring would take place all at once (in one static second), where the state would play the role of salesman-distributor.

[STUDENT] What does an independent Croatia mean to you, and can it survive as an independent state?

[Seks] Croatia should have all the attributes of statehood. It can be independent, but it can also be in a confederative arrangement, meaning a union of independent states where the independent sovereign states would be all the republics that make up present-day Yugoslavia. In a union of free states, it would only be through agreement by the republic that a certain part of the functions would be transferred to the confederative parliament and to the confederative council of ministers. This would have to be based on the model of the European Economic Community. If such an agreement cannot be reached, then another form of independent statehood is secession.

[STUDENT] The federal presidency has announced that it will put forth a legislative formula for controlling the possible departure from and demarcation of boundaries with those who no longer wish to live in a common state. Why is the HDZ opposed to the proposal that the future of Yugoslavia be resolved through a referendum?

[Seks] The first starting point must be the electoral sovereignty of each republic as a state. A republic (and this does not refer only to Croatia) cannot be forced to accept the way in which it is to resolve individual issues, either by a referendum among the entire citizenry or a decision approved by the assembly. The federal presidency cannot impose on the republics the way in which to organize the polling of public opinion on the future composition of Yugoslavia. The proposal that decisions in the republics be made by popular referendum is unacceptable.

[STUDENT] But isn't the referendum one of the most democratic forms of polling public opinion? It is used by England and France, and it cannot be said about those countries that they lack a democratic tradition.

[Seks] The people cannot decide because they are multinational. If what the Presidency of the SFRY is proposing were to be accepted, then there would be Albanians in Serbia who could decide whether or not to stay in Serbia or Yugoslavia, and if so whether they accept the confederative or even federal model...

[STUDENT] But doesn't it seem to you that the decision on republican secession should be done through a referendum, because anything else is a decision through which, even if through direct polling, the residents of border communities or of individual settlements decide to which state they will belong. Istria has never been Croatian, and so there one must raise the question of its autonomy, as well as the autonomy of the Serbian nation in Croatia.

[Seks] The draft of the future Croatian constitution provides for the resolution of questions through a referendum among all citizens, but not among individual nations. I have already said that the Presidency of the SFRY is talking about a referendum among individual

nations and nationalities. In Croatia, this would mean holding a separate referendum for the Serbian nation, a separate one for the Croatian nation, a separate one for the Jewish nation, while in Serbia a separate one would be held for Albanians, Hungarians... What would happen if one nation did not agree with the nation that is the standard-bearer of national sovereignty? If the Albanians decided to leave Serbia and Yugoslavia, who would arbitrate? What would then be the purpose of the referendum?

#### **Milosevic Directs SDS [Serbian Democratic Party] Terrorists**

[STUDENT] The Croatian government is accused of not looking after the interests of other nations!?

[Seks] That is not true.

[STUDENT] In part of the press, Croatian Assembly Vice President Simo Rajic has been declared a traitor to the Serbian nation!

[Seks] I don't know who regards him as a traitor! How could he be a traitor?! This is outrageous! Is he a traitor because he accepted the post of vice president, which indicated a reasonable solution for coexistence between Serbs and Croats in Croatia...

[STUDENT] You didn't say anything about possible autonomy for Istria and the Serbian nation in Croatia.

[Seks] The creation of any autonomous areas and provinces in Croatia will not be permitted. Croatia is a unitary state, and will remain so!

[STUDENT] What do you mean by the demilitarization of Croatia, and what does the Croatian public think about this?

[Seks] I would say that we should talk about the depoliticization and departyization of the armed forces rather than the demilitarization of Croatia.

[STUDENT] There is no completely depoliticized army anywhere in the world!

[Seks] The army has a defensive role, and cannot be an arbitrator in domestic policy questions. The army should stay in the barracks, and its role is to defend the external frontiers from foreign aggression. But the JNA [Yugoslav People's Army] is playing the role of arbitrator in Yugoslav domestic policy affairs.

[STUDENT] Is there a danger of fascism in Europe today?

[Seks] There is no danger of fascism today. That ideology is so inhuman that, aside from a small number of individuals and groups, it will never be able to acquire any real social strength and spread.

[STUDENT] Many contend that your government is totalitarian, fascist!

[Seks] Absolutely not. Such allegations are unfounded and lack argumentation. I would like to hear some arguments in favor of that view!

[STUDENT] In the mouthpiece of the [Italian] Christian Democratic Party, IL POPOLO, Enrico Spartoza wrote, "It is contended that Serbia and Croatia belong to different civilizations and that Croatia is the frontier of Catholicism, so that overtures to the clergy are cultivated, whose political influence here is well-known anyway. It is also contended that the infamous Ustasha of Ante Pavelic were simply nationalists who wanted to free Croatia from Serbian domination. Historical wounds heal easily in the version provided by Tadjman." And let me not repeat what Simon Wiesenthal wrote in RESPONSE!

[Seks] Those are still not arguments.

[STUDENT] Is it an argument to say that your government did not allow flowers to be laid in the Jasenovac Memorial Center? Why did special units raid Petrinja, Dvorna Uni, going into homes, demanding weapons... Can a nation that requests protection from the JNA, that defends itself, be declared terrorist, declared a nation that threatens the system and the state? How do you interpret the fact that Serbs living in Croatia are alarmed at the reemergence of symbols and icons that are largely reminiscent of the icons of the Ustasha ideology and movement, considering the fact that it was these icons under which the dreadful genocide of the Serbs was carried out? In Petrinja, people who remember the events of the last war say that in 1941, as well, they believed and gave their weapons to the new government, and were later slaughtered?!

[Seks] Objectively speaking, Serbs in Croatia are not threatened. The feeling of danger that exists among a part of the Serbian nation is being reproduced and reheated by the Belgrade press. With all its editions, POLITIKA publishes the most sordid Goebbels-type propaganda pamphlets, all for the purpose of creating a feeling of danger among Serbs in Croatia.

[STUDENT] Then why did Serbs request protection from special units at the "Vasil Gacesa" barracks? It is a fact that no one runs from something good!

[Seks] All of that boils down to a trumped-up story. The action taken by the Ministry of Internal Affairs of Croatia to redistribute 60 percent of the weapons from the police reserve system was legal and was not directed at one nation, especially not the Serbian nation. The attempt to block this action was part of the scenario intending to destabilize Croatia. In that case, the Serbian nation was used by the terrorist leadership of the Serbian Democratic Party, which is a direct function of the policy of Slobodan Milosevic!

[STUDENT] Do you have concrete evidence backing up this allegation?

[Seks] We have solid evidence that leading figures of the SDS, especially Jovan Raskovic, are carrying out orders by Slobodan Milosevic. This was confirmed to our ministry of internal affairs by Petar Gracanin when he said that Milosevic would halt military columns that were supposed to proceed to Croatia from Vojvodina, Montenegro, Serbia... And he did just that!

[STUDENT] Mr. Seks, why do you not provide concrete evidence?

[Seks] I am providing it. Do you want me to tell you the place and time of the meeting between SDS leaders and Milosevic? Those are details.

[STUDENT] Details that fill in the mosaic. If you have a transcript, the minutes of a meeting, a video cassette, eyewitnesses indicating that Milosevic, with Paskovic's help, is destabilizing Croatia, then please give me these materials. I will be glad to publish them!

[Seks] I will provide them when it is time for that!

[STUDENT] You think that now is not the time?

[Seks] Not yet!

### There Will Be No War

[STUDENT] You have also alleged that SFRY President Borisav Jovic is carrying out Milosevic's orders!

[Seks] Jovic receives representatives of the SDS as representatives of the Serbian nation. But the Serbian nation has around 30 of its own delegates in the Croatian Assembly. These are the representatives of the Serbian nation in Croatia. When Jovic announced on television that weapons in Knin and Knin district should be turned in only after conditions were met, it was obvious to everyone that he was on the side of the Knin Serbian National Council, and that he was legalizing attacks on police stations, the wresting of weapons away from the militia....

[STUDENT] Is the prediction by Zbigniew Brzezinski that new wars in Europe could break out between Hungarians and Romanians and between Croats and Serbs coming true?

[Seks] I do not believe that prediction. All of this will be resolved in a satisfactory manner.

[STUDENT] Defending Vojislav Seselj's book *Hajka na jeretika* [Persecution of the Heretic], you said, "Do not stifle criticism of politics through repression. The effects of repression are short-term, and generally detrimental. The effects of criticism are long-term and productive." You quoted Jirzi Lec: "The song of freedom cannot be played with instruments of tyranny." Do you think that a nation can be forced to respect and love the country in which they live with tear gas and truncheons? The conduct of the special units is contrary to this statement by Lec!

[Seks] You shouldn't talk that way. The vast majority of Serbs in Croatia have accepted our policy, and not one of them is threatened. I repeat: We are talking here about groups with terrorist leanings, we are talking about a number of misled, frightened, and agitated people who have succumbed to all possible rumors, and you shouldn't identify the majority of the Serbian nation with the actors in the events in Knin, Petrinja, Glina... If we are talking about averting an attack by bandits (the weapons seized can be used for various purposes), then any state will use all means at its disposal to defend itself. I would like to see what the reaction in Serbia would be if some group broke into a police station and carried off weapons, or set up roadblocks in the streets!

[STUDENT] What would you and Seselj have to talk about today?

[Seks] Chetnik attitudes come from a dark ideology, and they represent a vanquished force in the last war. Their revival is a disgrace to the Serbian nation. They are a numerically small group, and I am sorry that Seselj has fallen in with that lunacy. Today I would not be able to have a conversation with him!

[STUDENT] But you, too, have fallen in with a similar sort of lunacy.

[Seks] I don't see that. What's your case?

[STUDENT] I am thinking of the national lunacy. Speaking of lunacy, say something about the Raskovic-Tudjman transcript published in the weekly DANAS. Was that an incorrect move by Franjo Tudjman? And do you agree with Raskovic that "Serbs are a crazy nation"?

[Seks] The transcript would not have been published if Raskovic had not falsely conveyed the content of that conversation later. He says what the listener wants to hear everywhere. I think that he is a person who lacks elementary human integrity. I do not agree with the statement that Serbs are a crazy nation, and that is completely outrageous. If I were a Serb, I would contemptuously reject anyone who said that about my nation! A person who says that his nation is stupid deserves banishment from his nation.

[STUDENT] Why was the representative of the HDZ for Bosnia-Herzegovina, Dr. Davor Perinovic, relieved of his post?

[Seks] Perinovic was dismissed by delegated representatives of the Bosnia-Herzegovina branch of the HDZ. He was not dismissed from Zagreb.

[STUDENT] But wasn't the scenario with the certificate of baptism that came from Franjo Tudjman the reason for his dismissal? It won't do for a Serb to be heading the HDZ!

[Seks] It is no problem for a Serb to head the HDZ. The certificate of baptism is proof of his duplicity. That was not the decisive factor; what was critical was that he was trying to break up the HDZ, become a second leader. He

talked about Herzegovinan secession, that he had an exaggerated anticommunist tone in his demeanor...

### Serbs From Seks's Family

[STUDENT] But Dr. Tudjman, as well, had an anticommunist tone during the election campaign. Speaking of Bosnia-Herzegovina, you have been accused of brazenly encroaching upon its territory. We are talking about a letter in which you call a group of terrorists who raided Bugojno in 1972 a group of young boys!

[Seks] I support the position of the inviolability of borders within Yugoslavia. Regardless of what solution is reached concerning the organization of the Yugoslav republics (if they are to form a confederation or a federation), the borders cannot be changed, because this would lead to civil war. My office was contacted by the wife of one of the young men involved in the 1972 attack who died there. This woman wrote that her husband went to Croatia, and that he was liquidated in Bugojno. I then wrote a letter to the Ministry of Internal Affairs of Bosnia-Herzegovina in which I presented the contents of the letter that I had received. This woman contacted me to find out where her husband's grave is and whether she could mark it. This means that this is not my position, nor that of the Assembly. The leadership of Bosnia-Herzegovina has behaved extremely inappropriately, and we will take up their actions in talks with them.

[STUDENT] You say that you will use all means in order to defend the Croatian state. Why then do you hold this against Slobodan Milosevic? After all, Kosovo is Serbian territory!

[Seks] I think that a policy of state terrorism is being pursued in Kosovo against the Albanians by the Serbian police state. I do not hold it against him for defending his territory, but the way in which he is doing so constitutes state terrorism, with all the attributes of genocide. I think that murder, banning newspapers, suspending the Assembly, political show trials...

[STUDENT] Say something about interrupting the "Hajduk-Partizan" match when the Yugoslav flag is burned, and when a lynching of the guest players is narrowly averted! The police watched all this passively?

[Seks] That was a sad occurrence. Groups of hooligans at all of our stadiums do these things, and the police must undertake security measures to see to it that such things not occur, even at the price of interrupting a match at the very beginning.

[STUDENT] Preparing for this interview, I heard that your mother is Serbian. If this is true, why are you hiding it?

[Seks] It is not true, but I have plenty of Serbs in my family.

[STUDENT] And how do they receive you with respect to the political situation?

[Seks] Fine. It is stupid to break off family and friendship ties because of politics. Because you will have to admit that it is a transient thing, that for that reason alone friendship should not be broken off.

[STUDENT] If it is just a transient thing, then why are you involved in it?

[Seks] We are all involved. No one is an exception. You will either be a subject or an object. And in politics it is better to be a subject than an object.

### **Serbia's Explanation for Restrictive Economic Measures**

*91BA0087A Belgrade POLITIKA in Serbo-Croatian  
27 Oct 90 p 15*

[Article by Toma Milic: "After the Latest Measures of the Serbian Assembly: Serbia Defends Itself so as Not To Become a Colony"—first paragraph is POLITIKA introduction]

[Text] From 1952 to 1970 industry was favored at the expense of the primary sector of the economy; this affected Serbia and Vojvodina the most seriously. Based on prices and the structure of trade, Serbia has constantly been losing a huge part of the social product since 1981, while Slovenia has recorded a surplus. At the end of last month Slovenia had 535 economic and other units in Serbia, and Croatia had 806, while Serbia has one-third as many in these republics.

Serbia has been compelled to pass regulations under which a base will be provided for carrying out an anticrisis developmental economic policy—at a time when an economic and political split, which has not been caused by anything in Serbia, is threatening Yugoslavia.

Why has one reached for these measures? Simply because, having become convinced that almost no agreement can be achieved in the federation anymore without consequences for its economy, Serbia has attempted to defend itself from the position of vassal and colony that is increasingly being forced on it. The outlook, it seems, has been good; many political and economic currents in the country are flowing naturally.

Is there a basis for such a negative appraisal? Is there ever. In the whole postwar position regarding peace in the home and "the great Serbian nationalism and hegemony," this republic has been forced to accept the kind of political and economic solutions that have literally caused it to stagnate: Kardelj made the political system, and Kidric the economic system. First, from a political standpoint Serbia was artificially divided into three mutually independent and opposed parts. Then they began to invalidate it economically by moving scores of factories to Slovenia, Croatia, and Bosnia.

### **"Planned Direction" From the Federal Center**

And then Serbia assumed the role, under "planned direction" from the federal center, of producer of raw

materials whose prices were constantly under the control of the state (grain, oil, electric power, coal, sugar...), while the prices of final products (the majority of producers were in Croatia and Slovenia) changed constantly. From 1952 to 1970 the industry of Yugoslavia sold its products for almost 27 percent more than the cost of producing them. Therefore, industry was favored for decades at the expense of agriculture and energy. As a reminder, Serbia produces 40 percent more electricity than it needs and has 80 percent of Yugoslavia's coal reserves. It is also known that industry is most developed in Slovenia and Croatia, and somewhat less in Bosnia, while agriculture and energy are most developed in Serbia.

For decades the secondary sector of the economy has usurped twice as much of the social product of the country as that belonging to primary production. Of course, all that was arranged as "planned proportions." It has not bothered Yugoslavia that each year Serbia loses between 120 and 150 million dollars (in the electricity field) because of low energy prices and twice as much more because of low prices for agricultural products. However, it is now certain that the "closing of Serbia" will bother everybody, in spite of the fact that the economy of Yugoslavia has long developed autarchically (less than 2 percent of capital crosses republic and province borders).

Why has Serbia resorted to "crisis measures" just at this moment? Because it has been nailed to the wall, and is unprotected by the federal government. Here's the reason: Complete paralysis has formed in the system of concluding agreements with the republics and the provinces; no agreement is possible on the strategy for development of agriculture and energy or on tax and foreign exchange policy.

### **When the Government Does Not Protect Constitutional and Economic Order**

Slovenia and Croatia are suspending all federal laws and social agreements that are not profitable for them—Serbia is carrying out its obligations. Slovenia and Croatia are stopping aid to undeveloped republics and Kosovo—Serbia is honoring the Law on Resources for the Fund of the Federation for the Undeveloped. Slovenia and Croatia are breaking up the system of defense and protection—Serbia has no power to oppose this in the federation. Slovenia and Croatia want a confederate Yugoslavia—such a system is not appropriate for Serbia, because it has its allies in other republics....

What more would have to happen in Yugoslavia for Serbia to undertake protective measures? It seems that everything has happened. All the more because the federal government neither protects the constitutional or economic order properly, nor presents incontestable proof that it will soon do that.

Serbia has deteriorated under the elements for decades. It would have defended itself from a lot of that, but it has not had understanding. It has accounted for a larger

share many times over, compared to other republics, of the social product of the country, but has received much less in return. It has tolerated to its own detriment unequal relations in mutual trade with other federal units, especially Slovenia and Croatia, and has become increasingly poor.

This is absurd: Today it is a "developed republic" with 59 undeveloped townships, of which 30 are the most undeveloped in Yugoslavia. It wasn't possible to go on; the seams are splitting in many sectors of the Serbian economy. Something had to change.

Where to start from? It began with the economy, naturally. It is unacceptable to tolerate the fact any longer that "Yugopetrol" cannot build in Dalmatia but that the Petroleum Refineries and Sales Enterprise can operate 155 of its facilities at the same time in Serbia without interference, that "Yugodrvo" sells Slovene furniture but cannot sell its furniture in Slovenia, that Slovenia can open department stores and shops throughout Yugoslavia but "Beograd" Department Stores can't do that in Slovenia...

#### What the Statistics Say

According to the latest statistical information as of the end of last month, Slovenia had 535 economic and financial units in Serbia and Croatia had 806, while Serbia had only one-third as many of its branches in these republics.

What's worse for Serbia, 70 percent of these "fraternal" firms are engaged in marketing their goods, are buying inexpensive raw materials, or are collecting money from thrifty Serbs. Of 36 industrial branches in Serbia, Slovenes operate only six—primarily raw materials producers.

In a beginning market economy—let's be objective—a brother will not do business like that anymore even with a brother. Of course, Serbia does not seek privileges of any kind either in policy or in the economy, but (finally!)—equal relations with others.



**CZECHOSLOVAKIA****Year 1991 Economic Outlook Examined**

91CH0122B Prague ZEMEDELSKE NOVINY  
in Czech 20 Oct 90 p 6

[Unattributed article: "Preliminary Information on 1991 Economic Conditions"]

[Text]

**I. Financial and Currency Policy****a) Basic Direction**

The basic task of financial and currency policy during the transformation process is to form an economic environment in which the inevitable stresses accompanying changes in the microsphere price structure do not lead to global disequilibrium, rapid inflation, or an excessive increase in foreign debt. To accomplish this the transformation process must be regulated macroeconomically so that the increase in aggregate demand by the public, corporations, and the government does not result in a rapid increase in the price level. The macroeconomic priority in the transformation process is to block the inflationary process. This priority must take precedence, to a reasonable extent, over all other macroeconomic goals: economic growth, employment, and balance of payments equilibrium. Financial and currency policy will be based on this fundamental economic policy goal, the cornerstone of which will be restriction of demand in the economy.

Financial policy will include further reductions in state budget subsidies, and continued private sector growth.

Currency policy, in addition to its restrictive features, will introduce a positive real interest rate, which is one of the conditions for stabilizing the tendency to save. Given the expected movement in price levels as a result of price deregulation, we expect a related movement in interest rates.

The Czechoslovak State Bank [SBCS] will in the future react to demand for money by regulating the discount rate. It can be expected that commercial banks will use these adjustments to increase the interest rates on loans, thus creating the opportunity to increase the interest rates for deposits.

Financing will no longer be offered for static inventories. These loans will be replaced by new loans offered on business principles, and based on agreements between a corporation and its bank.

**b) Tax Policy**

Tax and transfer payment rates will be made more uniform.

Supplement No. 1 contains a summary of transfer payment and direct tax rates for selected businesses, applicable as of 1 January 1991.

In the area of indirect taxes, sales tax rates will be consolidated into four tax ranges: 0 percent, 12 percent, 22 percent, and 32 percent of the selling price. There will also be selective taxation of fuels, alcohol, tobacco products, coffee, tea, gold, gems, and passenger cars, at approximately current levels. Given the current broad distribution of tax rates, from - 291 percent to + 83 percent of the selling price, this represents a radical intervention into wholesale prices, and therefore also into the marketing of output. A list of sectors included in each tax group will be published after approval by the CSFR Government this year. A preliminary list is provided in Supplement No. 2.

Under applicable laws, all exported goods are free from the sales tax as of 1 January 1991.

The same sales tax rates (0 percent, 12 percent, 22 percent, and 32 percent) apply to imported goods, based on their classification. Imports for production consumption are tax free.

As of 1 January 1991 the category of supplementary sales tax will be eliminated. This will facilitate direct deliveries to entrepreneurial entities and the domestic market at lower prices than from businesses. This will weaken the current monopoly on trade. The category of so-called price differences will also be eliminated.

**II. Changes in Enterprise Financial Management**

As of 1 January 1991, financial management by funds will be eliminated at government enterprises and certain other organizations, as specified in Government ordinance No. 208/89, Laws of the CSFR [Sb.].

Affected enterprises will be required to set up a reserve fund using profits. In a market economy, this fund serves as a long term resource for finance growth. Firms will also have to set up a cultural and social needs fund. Enterprises can elect to set up other funds, as long as available profits are used to support them.

Residual amounts in the capital assets and investments fund, the working capital fund, and the securities fund will be converted to initial base property, as long term coverage for organization property. Residual amounts in the development fund will also be converted into basic property, unless the firm decides to transfer it to reserves to finance noninvestment R&D expenditures. All special purpose funds formed from sources other than profits (costs or by reducing margins) will be eliminated. Residual amounts in these funds will be transferred to reserves, provided it is possible for tax reasons to consider these expenditures as costs and differentiate them over time according to accounting principles. Establishing a compensation fund to finance wages that, based on wage regulations, cannot be included in wage costs, will be optional. If an organization does not set up this fund, it would have to cover these expenditures from profits carried over from year to year.

The basic capital and reserve funds of corporations will be governed by Law No. 104/1990, Sb., concerning corporations. This law also applies to government enterprises which will be converted to government corporations.

The basic capital of government corporations will be established based on its basic property.

A corporate reserve fund will serve as a long term resource for covering fluctuations in financial and managerial performance and to fund increases in property. The cultural and social needs fund for corporations will become optional.

In accounting, to reflect the changes in legal regulations for 1991, a supplement will be published with changes to Accounting Fundamentals and Guidelines for Business Accounting Fundamentals, file number V/13000/89, dated 15 September 1989.

In conjunction with changes to legal regulations, the following changes will take effect on 1 January 1991:

a) As a result of the elimination of property funds (capital assets and investment fund, working capital fund, and securities fund) and their conversion to basic property, a methodological change will be made in accounting for capital asset depreciation, capital investment, and the overall process of retiring capital assets and arranging for and selling securities. These changes affect only the movement of organization property, and therefore will appear only in the cost and profit accounts. These instances will no longer be accounted for as funds.

b) Land and intangible assets will now be accounted for in accounting classification 0—capital assets and investment. In the case of intangible assets, which include mainly patents, licenses, designs, computer software and other computer equipment, rules for depreciating them as an organizational cost will be set up.

c) Accounting for leasing operations will be codified under capital assets and inventory accounts. Rules will be established to determine when an asset is a capital asset and when it is an asset of gradual consumption during use. This will be done for 1991 or 1992, in conjunction with the complete overhaul of our accounting and tax systems.

d) Guidelines for Internal Enterprise Accounting will be considered recommendations. Guidelines for business accounting will only specify the responsibility to keep accounts and related tasks.

These are:

—Document changes in inventory produced by the business, and entries that show the time elapsed between costs and revenues.

—Maintain records that allow cost and revenue calculations to be made.

The business can choose whatever method it likes for keeping these records.

On 30 September 1990, principles were published for accounting by citizens engaged in private enterprise. These principles are related to the recently passed law on citizen income taxes. The major outcome was a simplification of year end accounting procedures to be followed by entrepreneurs who maintain records under a dual accounting system.

In conjunction with the passage of the privatization law, guidelines will be issued covering accounting for small privatization and for operations related to implementation of the transformation law at privatized enterprises.

Statistics in 1991 will be gathered for the government as well as other ownership sectors. Reporting responsibilities will differ, based mainly on the economic importance of the reporting entity.

For organizations recorded in the enterprise register, i.e. for enterprises and other businesses of all ownership sectors, 1991 statistical reporting requirements will be reduced in both content and scope. Certain figures currently required in the area of capital investment, technical development, industry, construction, raw materials and materials management, will no longer be gathered. Reports for 1991 will not include calculations of comparative data with prior years because of price changes. These price calculations will be performed using monthly deflators that will be determined using redesigned price statistics. There is a basic change in measuring industrial production growth. A new index will be applied that is calculated based on figures for "goods production". A completely new system for acquiring statistical data for foreign trade will be implemented in 1991. The system will be based on customs inspections of goods circulation to and from foreign countries. Foreign trade statistics will now be based on the "proposal for customs administration".

In annual reporting, preparations for which will be completed soon, an international classification system will be implemented, making it possible to introduce a system of national accounts, as well as assemble information in a way that will allow international comparisons, for example for the International Monetary Fund. For enterprises this means a simplification, in the sense of eliminating the requirement for coding data and estimating structures, both of which have been necessary when putting together certain annual reports.

Limitations on reporting responsibilities in relation to the economic importance of an organization will be very significant, especially for smaller firms. Organizations entered in the enterprise register, with fewer than 100 employees, will submit in 1991, as short term reports, MP-MD 4-04. This will provide quarterly information concerning number of employees and wage resources, income and expenses, capital assets and inventories. On an annual basis additional data will be required that is needed to balance accounts. Under the long range

reporting system it is possible to establish reporting responsibilities for these organizations appropriate to their activities.

Entrepreneurs not recorded in the enterprise register, namely those with fewer than 25 employees and a taxable base of 450,000 korunas [Kcs] or less, will have no statistical reporting responsibilities in 1991. Essential information about these economic activities will be gathered from tax returns.

In order to protect individual data, beginning in 1991 there will be significant restrictions placed on the submission path of reports. This will occur only at the entry point of individual data into the processing flow, and will be implemented by government statistical offices or authorized processing organizations.

In view of the expected disintegration of the unified system of socioeconomic information in 1991 a new law covering statistics will be passed, replacing the current Law No. 21/1971, Sb., concerning a uniform system for socioeconomic information, as amended by Law No. 128/89, Sb. in the area of statistics.

### III. Price Deregulation

The underlying principle is the elimination of the current central management of prices, in the form of the elimination of all currently valid legislative norms in the area of prices.

The vast majority of prices, in accordance with market economic principles, will be deregulated. Prices will be determined by agreements between sellers and buyers, with the natural regulator and upper limit of the agreement being the price of competitive imports, either actual or potential. This principle will have general applicability.

In practically every market economy there are areas where prices are regulated, either for a specified period of time, or a specified range of sectors. Price regulation in the CSFR will exist even after deregulation, but it is assumed that the intensity of regulation will decline gradually.

Price regulation will be used to:

- Slow down the most serious price fluctuations, or postpone them so that in multistep production procedures prices adapt smoothly, and enough space is created for prices to adapt along the entire chain of producers to the final consumer.
- Moderate the unfavorable consequences on deregulated prices of the currently highly monopolized production and trade structure.

Prices of imported basic raw materials and fuels will to a large extent be included in the price deregulation. Since foreign trade will be conducted at world prices and in hard currencies, world prices become the natural starting point for regulating domestic prices of imported inputs.

Developments on the world market and conditions for the purchase of raw materials, especially crude oil, for 1991 currently look to be very uncertain. This fact greatly reduces the reliability of price projections. In Supplement No. 4 we therefore include tables of projected prices for imported raw materials and fuels. These tables will be updated and republished on an ongoing basis. These prices are the maximum projected prices of basic inputs, recalculated according to varying koruna/dollar exchange rates (24.00; 28.00). Producers and consumers must prepare for the time when their price calculations will be derived from exchange rate fluctuations, and that price regulation will take account of price fluctuations on world markets.

The draft law on prices assumes that the following tools will be available to regulate prices:

- Officially set prices: Fixed maximum and minimum prices will be set for products in selected commodity groups.
- Material determination of prices, under which changes in the prices of a given range of goods will be tied to a formula for the development of input prices, including perhaps a linkage price calculation technique to limit the potential for price increase, etc.
- Determination of price evolution over time, means a responsibility to announce a price beforehand (the standard is one month lead time for price offices, two months lead time for customers), with the price office allowed to postpone the increase. An additional measure will be to set a time interval within which it will not be possible to repeat a price increase (usually six months).

Price regulation will be specified for a list of goods, spelling out the conditions of regulation for specific types of goods or services. Regulation by time period will apply usually to monopoly or dominant producers and organizations.

The agroindustry is a special case of price regulation. In view of the fact that the government will grant certain subventions to agriculture and guarantee procurement prices for selected products, it will also retain the right to regulate a number of prices.

The scope and other details of price formation, or regulation in selected areas, will be completed and announced in conjunction with discussions and changes to the final version of the price law.

### IV. Convertibility and Foreign Trade Deregulation

Introduction of domestic koruna convertibility constitutes a replacement of the allocation system in foreign currency management with a guaranteed right for Czechoslovak businesses (legal entities) to purchase foreign currency at the market rate.

Under currency convertibility procedures, Czechoslovak businesses that make deposits from deliveries of goods or

services abroad obtain a value, in Czechoslovak currency at the prevailing exchange rate, equivalent to that of the deposited hard currency. The initial exchange rate will be set as of 1 January 1991 by the SBCS. This exchange rate will change in relation to the balance between deposits and payments and the evolution of the world market exchange rate.

When paying for imported goods or services, Czechoslovak businesses buy foreign currency at the bank for Czech currency at the applicable exchange rate.

Payment arrangements for domestic businesses with foreign currency in foreign trade will take place through koruna accounts. The circulation of foreign money in the domestic economy is prohibited. An exception will be property accounts of legal entities that are denominated in foreign currencies. These can be handled with the permission of the SBCS.

The following approach will be taken to existing property accounts and claims denominated in foreign currency.

a) Property accounts of legal entities denominated in a foreign currency can be retained, with the permission of the SBCS. The balances in these accounts as of 31 December 1990 will represent the value of foreign currency resources not paid to foreign currency holding foreigners for already contracted or received imports, or available foreign currency resources.

b) Foreign currency property accounts denominated in their equivalent koruna value will be eliminated as of 1 January 1991. The balances in these accounts will be transferred to normal koruna accounts for domestic entities.

c) Foreign currency claim accounts will be eliminated as of 1 January 1991.

d) Claims and obligations of foreign trade organizations [OZO] and entities with permission to engage in foreign trade. In view of the fact that OZO only sporadically agree with producers to transfer foreign payment conditions, for the most part imports through 31 December 1990 paid for in koruna denominated products will be paid out abroad by OZO at the new exchange rate. The situation will be the reverse for exports.

Exchange rate differences arising from the devaluation of OZO claims and receivables that have been reconciled in korunas by 31 December 1990, and will be covered by foreign currency after 1 January 1991 will be accounted for by a special account maintained in the government assets of the federation.

e) Foreign currency repayable loans, foreign currency development loans. Accounts for foreign currency repayable loans (claim accounts) and foreign currency development accounts (both property and claim accounts) will be eliminated. It will be essential to change the repayment terms for outstanding koruna payments by converting them to koruna values using the 1 January 1991 exchange rate. The new payment terms must also specify

the right of the investor to koruna compensation for the exchange rate difference of outstanding payments in exports (deposits) at the exchange rate on the date of payment, and the investor obligation to export.

f) Cooperation and exchange projects (surpluses of the agrofood complex and market inventories). Balances in cooperative accounts and accounts for exchange projects will be eliminated without compensation.

g) Foreign currency incentive accounts. Balances in these accounts will be eliminated without compensation, because with free access to foreign currency these accounts are unreasonable.

h) Leasing. Foreign currency claim accounts for leasing operations are eliminated on the condition that the Czechoslovak Commercial Bank [CSOB] will sign a supplement concerning the original machine rental contract and coverage of the payments stemming from changes in the koruna exchange rate as of 1 January 1991.

i) Foreign currency accounts of organizations with foreign capital participation. Foreign currency accounts will be maintained for the purpose of depositing basic capital by foreign participants in hard currency. The actual operation of the organization will be subject to the same regulations as other organizations within the system of domestic koruna convertibility.

Under applicable regulations of the draft of the new foreign currency law the SBCS and Federal Ministry of Finance [FMF] will issue an implementation document specifying the procedure for asserting all foreign currency claims and obligations originating prior to 31 December 1990.

The level of the foreign currency exchange rate for the Czechoslovak koruna determines the ratio of supply and demand. The definitive level of the starting exchange rate for the Czechoslovak koruna in terms of hard currencies has not been set yet. The SBCS will to some extent intervene to stabilize the exchange rate. For the time being, therefore, organizations must make calculations with different assumed exchange rates.

Foreign trade activity that Czechoslovak entities have so far been able to conduct based on registration or permission will be further deregulated. The draft of the new law on business relationships with foreign entities will further limit the scope of instances that will require permits for engaging in foreign trade. Permission will only be required for activities that are strategic from a national economic viewpoint, or which require specific commercial or political arrangements for exports or imports. Deregulation of imports can be further restricted by temporary government decisions related to the creation of conditions for the domestic convertibility of Czechoslovak currency. Other than the above limitations, foreign economic activity will be considered an essential part of entrepreneurial activity the conduct of which will

be governed only by the requirement to register the subject of the business by a Czechoslovak entity at the appropriate register court.

Price deregulation will result in a transition to negotiated prices between agents and domestic suppliers or consumers. The current FENZO [not further expanded] system will be eliminated.

The following measures will be taken in foreign business relations.

a) Government orders, in contrast with past practices, will not be assigned to an enterprise, but put out to bid. They will be attractive to a firm because they represent a sure market. These orders will be placed if the development of business conditions demands.

b) Export premiums will be implemented as a means of government support for the production and export of structurally developmental commodities.

c) A license system that will be applied to certain exports and imports with the goal of maintaining business and political obligations with countries and areas that at this time limit imports of selected Czechoslovak goods (such as the European Community, the United States, and others). A second objective is to maintain a certain equilibrium on the domestic market and in the foreign currency area while the Czechoslovak economy makes the transition to a market system.

In trade with all CEMA [Council for Mutual Economic Assistance] countries, Yugoslavia, and the People's Republic of China, 1 January 1991 will see a transition to payments in hard currency. In trade with Cuba, Albania, and Cambodia it is expected that agreements will be signed that provide for hard currency clearing. This means that contracts already signed for 1991 and perhaps for future years (if signed in convertible rubles), must be renegotiated at a new price, based on world hard currency prices. When negotiating payment terms for exports, enterprises must remember the need to secure payment in hard currency (letter of credit, payment against documents, bank guarantee of credit, etc.) for the delivered goods or services. When negotiating other parts of contracts companies must proceed in the same way as when negotiating with countries from hard currency areas. The same principles apply to contracts for the delivery of goods after 1 January 1991.

Accounting for contracts signed under the Protocol Between the CSFR Government and CEMA member country governments, concerning trade and payments for 1990, but which remain unfulfilled as of 31 December 1990, will be carried over to 1991 in convertible rubles, and under the same terms of payment as the original contracts, provided that the contracts must be fulfilled by 31 March 1991.

Duty will be collected for imports from all countries, including CEMA countries. The amount of duty is determined by the rates in the Czechoslovak Customs

rate book for business goods, with the exception of goods from Finland (governed by a agreement on duty free trade). Imports from Third World countries continue to be governed by reductions of 75-100 percent in the contracted rates, in the context of granted customs preferences.

## V. Wage Policy and Employment

### Wages

The transition to a market economy demands a change in the entire wage formation mechanism, namely its gradual deregulation to allow the transformation of wages to the price of labor. This involves the replacement of government directive management using the mechanism of collective negotiation by union agencies (employees), entrepreneurial associations and the government on wage issues and other labor and social conditions with minimal government participation in these areas.

Wages will be deregulated gradually, beginning with small, private firms, similar small businesses, and firms with foreign capital participation. At government and cooperative enterprises (in various organizational forms) some wage regulation will be imposed when setting up a competitive environment. In 1991 this will be based on these principles:

—A uniform direction in the development of the average nominal wage will be set.

—As part of the government anti-inflation policy, any volume of nominal wages that exceeds the guidelines for growth will be taxed; this taxation will supplant all current forms of wage regulation.

Supplement No. 3 presents the principles governing the taxing of wages.

From early 1991 all economic sectors will use the current wage systems (regulations) and the wage rates, supplementary payments, and other provisions they contain.

To assure the basic needs of employees a minimum wage will be set in a generally binding regulation. Employees will be entitled to this minimum wage regardless of their job title or the economic performance of their employer.

### Employment

Employers can determine themselves the number of employees they require. There is only a moral obligation to hire graduates of colleges and high schools. It is recommended to sign agreements ahead of time with schools and students regarding future employment.

An employer can hire foreign nationals only when the prospective employee has a work permit issued by the government labor office, and a residence permit issued by the passport and visa office of the Ministry of the Interior.

Employers should create job opportunities and protected workshops for handicapped citizens. The social security office will contribute 50 percent of the cost of setting up such workshops, based on documented costs, and with a limit of Kcs40,000 per job slot. When an employer hires a handicapped person, payroll taxes will be reduced.

Employers are required to notify the appropriate union and regional labor office at least three months in advance of any structural or organizational changes or efficiency enhancing programs.

An employer is required to notify the regional labor office of the numbers and qualifications of displaced employees at least one month before their jobs are eliminated.

A job can be eliminated for organizational reasons only if the affected employee is informed of the reason for the elimination of the job at least 30 calendar days before it takes effect. When a job terminates for organizational reasons an employer must provide a severance package equal to five times the average gross monthly wage. No wage levelling will be applicable (in the sense of Decree No. 195/1989).

A handicapped employee can be discharged only with prior approval of the regional labor office.

#### Enterprise Social Policy

The new labor code and law on collective bargaining (to take effect in early 1991) increase the authority of organizations in the personnel and social area. The law establishes only the maximum length of a work day, to protect employees. This can be changed by collective bargaining. Vacation time will be set as a required minimum of three or four weeks, based on length of service. This length of time can be extended by one week upon agreement with the enterprise, provided that all associated costs are defrayed by the organization from its own resources.

#### Economic Minister Interviewed on Economic Problems

91CH0122A Prague RUDE PRAVO in Czech 2 Nov 90  
pp 1-2

[Interview with Vladimir Dlouhy, Federal economics minister, by Vladimir Cechlovsky and Pavel Paral; place and date not given: "Withstanding the First Big Shock"]

[Text] The threads of difficulties, whatever their cause, converge on the Federal Ministry of Economics. We therefore requested an interview with minister Vladimir Dlouhy, to learn his views on certain pressing issues.

[RUDE PRAVO] At our last interview in May we spoke about the need to develop a stabilization program to make sure that there would not be a significant decline in production. It looks like this is happening, to an extent that threatens a breakdown in supplier-consumer relations.

[Dlouhy] First I would like to note that we are embarking on an economic reform that is more radical than what seemed politically and otherwise possible at the time of our previous interview. Secondly, since that time we have been affected by severe external shocks. Thirdly, a number of secondary reform steps have already been taken, and finally, we have dismantled the central planning and management system, which was the framework that held the economy together, albeit inefficiently, over the short term. Despite all this, there has not been an economic breakdown, we are withstanding the first great shock. The economy is functioning, with stagnant and sometimes negative rates of growth, social stress and open inflation, but it is functioning. In inefficient economic sectors a decline is even desirable.

[RUDE PRAVO] Nevertheless, there are many warning signals...

[Dlouhy] I do not think that things will always be so pressing. For example, in June and July I received detailed reports to the effect that we would run out of raw materials, above all nonferrous metals, rolled materials, etc., by September because of reduced deliveries from the Soviet Union. Nothing of the sort happened, firms always found a source. In some instances we had to transfer items from Federal inventories, or import lacking raw materials from elsewhere. In other instances we even had to restrict consumption. But we never told enterprises that there wouldn't be difficult times.

[RUDE PRAVO] But enterprises that operate efficiently and have a future are also getting into difficulty. Many have problems with skewed prices, others with government meddling in their production program, etc. These firms need assistance to avoid failing.

[Dlouhy] You don't want to hear from me that some firms get into trouble of their own doing and some do not. There are no criteria for this yet, we will have to wait for the new price system. But this does not mean that we will allow some firms to fail automatically in all instances. This actually will be the art of economic policy—not only of my ministry, but of the entire team, including the Federal and Republic governments—the ability to find a threshold of sensitivity to which we can push enterprises before it is advisable to back off. Our steps are often presented, however, as exclusively draconian measures. But, as a counterexample, last week the bank decided to loosen monetary restrictions, i.e. the bank credit system. This allowed some enterprises easier access to monetary resources.

[RUDE PRAVO] One of the recent conflicts involved the Ziar nad Hronom aluminum plant. The center backed down in this case and guaranteed a loan for this plant. Does this mean that you admitted that the enterprise was right?

[Dlouhy] We did not back down. We simply recognized that a group of banks considered the development of the aluminum plant to be a good risk and approved the loan. It was necessary in this regard to take many other facts

into account. First was the regional situation. From this it was clear that much more than the aluminum plant was involved, namely a triangle comprised of the Prievidza Slovak Coal Mines, the Novaky power plant, and the Ziar nad Hronom aluminum plant. Each point of the triangle has serious problems. Prievidza is the least efficient lignite region with costs of roughly 1,100 korunas per ton of standard fuel equivalent. The Novaky power plant burns very low grade coal and devastates ecologically a wide area. The aluminum plant is an ecologically problematical project that has consumed huge investment resources in the past five years with questionable returns. On the other hand, tens of thousands of families are dependent on these enterprises for their existence. With central Slovakia already heavily impacted by armament industry conversions, the economic importance had to be considered. We have to untangle such knots of problems gradually.

[RUDE PRAVO] It is a very complex knot. Can we untangle it at all?

[Dlouhy] I am convinced that reform is the only way out, deregulation and denationalization. Once you begin to denationalize, the Novaky power plant might start buying its coal from Most, because it would be less expensive. And if Gabčíkovo ever starts up we might be able to close Novaky. The aluminum plant will only invest to the extent that it generates the resources to do so. It therefore needs to establish a market for itself. Without a market we can't do much about problems from our roundtable.

[RUDE PRAVO] You also tangled with the miners. We think that here as well problems are being dealt with on a case by case basis, and only when there is a crisis. Is this why the miner collectives are still so restless?

[Dlouhy] Material has been prepared for government discussions concerning coal mining for 1991 and 1992. These materials specify demand for lignite and bituminous coal, principles of a subvention and subsidy policy, and government budget participation in the costs incurred when closing mines. Also contained are specifications as to which mines should be closed, and proposals to deal with the social consequences of these closings. The Federal Government, though, will not have the final word in these matters. This will fall to the Republic Governments.

[RUDE PRAVO] Doesn't this again smack of the spirit of administrative management? After all, shouldn't the market have the final word on which mines close and which do not?

[Dlouhy] Yes, the government can actually close only a couple of mines that are absolutely clearly operating at a loss. This is implied by the lack of a market and by the fact that the government, as owner, is now looking for more efficient organizational schemes. This is also, for instance why we are making changes in all coal mining regions—carefully, because it is like reaching into a wasp's nest—that will result in economic independence

for the region, and even for individual mines, while retaining the integrity of the coal deposits. The government, for instance, will in the future strictly regulate coal exports, because at current exchange rates this would result in the destruction of the environment. As soon as possible we also plan to adjust the prices of coal, energy, and heat. The government, however, will play absolutely no role in decisions about how much coal to mine. It might announce that it expects this or that level of demand at certain prices, and adopt support measures to assure this level of demand.

[RUDE PRAVO] Won't one cold winter with a lack of coal be enough to disrupt these plans?

[Dlouhy] I don't think there is much danger of this. We have adopted 16 measures to assure adequate fuel supplies. We should be able to make it through even a very cold winter.

[RUDE PRAVO] People do not seem to be so much against structural change and retraining. They rather feel that their jobs will be eliminated, and that no new ones will be created. This is the source of social unrest.

[Dlouhy] In the future, new job opportunities are a matter of regional policy, which is an inseparable part of republic government. This might sound like I am abdicating my responsibility. It looks like I am making large scale policy, and structural changes in selected sectors, but keeping my hands off the resolution of specific social consequences. However, the formation of new jobs, because it is the core of the problem—labor offices, unemployment compensation, social security, these are just payments—are truly regional matters. After all, who other than the manager of the local administration knows better how to develop job opportunities in his area. Of course, the government must help create opportunities and support these efforts.

[RUDE PRAVO] But meanwhile new job opportunities are appearing very slowly.

[Dlouhy] New jobs will appear when they are needed. I do not want you to get the impression that I want unemployment, but the two really do go hand in hand. Let me give you an example. When I was at the Antonín Zapotocký Mine, the director said something very interesting: "Mr. Minister, my best miners, with good salaries, are all leaving at about the age of 30." I asked him where. "To services", he replied. I am not saying that it is good when healthy, 30 year old men leave mining. It may be because of prices that are out of line, and some may go into God knows what kind of services, some of which may be semilegal, but this is another matter. This example shows, though, that a mechanism for shifting labor can actually exist. Not only there, but in other instances as well.

I know that you would like, and society would like, everything to be ready beforehand, for all the new jobs to be in place before we undertake the structural changes. But this is not the way its done.



[RUDE PRAVO] The devaluation of the koruna has greatly complicated the situation at enterprises. Could it really not wait until the new year?

[Dlouhy] If you increase the prices of economic inputs the way our inputs increased, externally, independent of us, then it affects everyone in the economy. This was also true in our directive management, even though for many years it was camouflaged by hidden inflation. In this situation one of the basic rules is that the exchange rate of the domestic currency gets worse. Devaluation had to happen. It would have come sooner or later.

[RUDE PRAVO] Except that devaluation was conceived of in the context of reform, and now it has happened as an isolated measure.

[Dlouhy] Devaluation is not possible without price deregulation. Price deregulation is not possible without convertibility. Convertibility requires a new foreign currency law, which does not exist. All of this was to occur on 1 January 1991. Therefore, when we introduced the devaluation, we said that we would also partially deregulate some prices. We also did this. There will be negotiations with a number of firms affected by the devaluation, and a moderation of the impact may be possible in some instances. The devaluation also affects retail prices, though. We looked for ways to keep prices at a lower level, but I think that such an approach is no longer acceptable.

I am sorry that I cannot do one thing. We are basically protecting existing enterprises, but we cannot protect the new, private entrepreneurs. There are instances when someone has ordered a large freezer and the devaluation instantly increases the price by 50 percent. This hurts me personally [next line illegible:translator] how to help these private entrepreneurs. We can, to be sure, find short term solutions, but there is only one long term medicine: greater stability in the exchange rate and all economic conditions.

Thank you for the interview.

### **National Bank Warns of Worsening Balance of Payments**

91CH0122D Prague SVET HOSPODARSTVI in Czech  
20 Sep 90 p 1

[Unattributed article: "Careful! The Balance of Payments Is Worsening"]

[Text] The evolution of the balance of payments is one of the most important indicators of the status and direction of the economy. It also indicates beforehand how the exchange rate for a domestic currency will evolve. For these reasons the recent publication of the status of the CSFR balance of payments for the first quarter 1990 is an important economic event. Remember, the balance of payments monitors the development of so-called

common transactions (exports, imports, business services, tourism, government payments, banking operations) and their impact on the status of accepted and provided foreign credits. The status of the balance of payments, therefore, directly affects the levels of a country's foreign currency reserves.

In the area of hard currencies, the first quarter balance of all common transactions showed a deficit of 2.8 billion korunas [Kcs]. The foreign currency position of the government (the difference between claims and debts) thus again moved, after six years, to a negative balance of Kcs1.7 billion, even though early in the year there was still a positive balance of Kcs1.1 billion. As of 30 June 1990, our total debts were Kcs117.3 billion, while we have claims amounting to Kcs115.6 billion.

The largest share of the revenue from the common components of the balance of payments is accounted for by exports and imports. In exports we were not able to sustain the growth of last year. Despite a reduction of 18.6 percent in the exchange rate of the koruna against hard currencies, which improved the koruna revenues from exports, the value of exports, in invoiced prices, declined, after adjusting to 98.5 percent of last years figures to account for the exchange rate impact. The increased price of imports that resulted from devaluation was at the same time clearly not intensive enough, because imports rose in comparison with the first quarter of 1989, after adjusting for exchange rate influences, by 19.8 percent in invoiced prices.

The trade balance (strictly exports less imports) was, to be sure, positive in the amount of Kcs5.3 billion, even with the above mentioned unfavorable circumstances. The amount of the excess was much less, however, than in previous years. In the first quarter of 1989, for instance, the positive balance of trade was greater by a factor of approximately two. This lower positive level of the trade balance was not enough to offset the traditional negative balance of services, resulting in the above mentioned negative balance of payments.

In the area of the credit balance there was a radical break in the development of approved enterprise and government credits, the volume of which increased after a number of years. As of 30 June 1990 the volume of credits we approved in hard currencies declined from Kcs5.2 to Kcs5 billion at the start of this year. Our overdue receivables also increased. The volume of overdue loans increased in the first half by an additional \$0.1 billion, to a total of \$1.8 billion. Most of these problem loans are located in Third World countries.

At the end of 1989 our gross debt was \$7.9 billion. During the first half year payments were made in the amount of \$0.8 billion, so that as of 30 June 1990 we owed a total of \$7.1 billion.

Most of the debt payments were for import credits obtained by foreign trade organizations. In conjunction with normal financing practices, enterprises this year will be using resources in their foreign currency accounts



to pay promptly for imports. Covering imports by supplier loans will not be done as frequently this year. Repayments of supplier loans approved in past years are therefore expected to exceed the approval of new loans. Some of the debt payment was made by Czechoslovak banks, mostly by significantly reducing short term deposits (those from foreign banks for terms of less than one year). This makes Western banks leery of depositing banks in CEMA [Council for Mutual Economic Assistance] member countries. This approach of foreign banks was not caused by our difficulties, but by the overall worsening of the financial situation in the Eastern European countries.

In nonconvertible currencies (the convertible ruble and bilateral clearing currencies) the balance of common elements for the first half year likewise showed a deficit, in the amount of Kcs4.9 billion. This negative balance in nonconvertible currencies represents a change in the customary positive balance in this area. For instance, over the same time last year there was a positive balance of more than Kcs7 billion. Just as with hard currencies, the most important component in nonconvertible currency turnover is the trade balance, which finished with a deficit of Kcs3.6 billion. The balance of trade this year is marked by a severe decline in the growth rate of exports (77.8 percent of last year's figure) and imports (85.1 percent of last year's figure), when both are adjusted for exchange rate influences. This decline reflects mostly the economic difficulties of CEMA member countries and Yugoslavia.

Territorially, the deficit in the common accounts was concentrated mainly in the GDR (negative Kcs3 billion), Poland (negative Kcs3.4 billion), Yugoslavia (negative Kcs0.6 billion), and China (negative Kcs1.1 billion). Since we will be trading with these countries in hard currencies beginning in 1991, this is not a positive development. Developments are promising, though, in trade with the USSR, where the balance of common accounts is positive in the amount of Kcs2.2 billion, and where our receivables also increased by the same amount. This resulted in a desirable strengthening of our reserves, which allow us to moderate the severity of the consequences of the change in commercial exchanges with the USSR to a hard currency basis, world prices, and standard international payment conditions.

Achieved results indicate that in the confrontation with stricter world market conditions we can expect difficulties in the location of our export funds and in territories where recently there have been no serious problems.

In terms of the credit balance, our net positive balance in nonconvertible currencies is Kcs42.8 billion, composed of government loans (63 percent, Kcs26.8 billion), bank accounts (22 percent, Kcs9.6 billion), with the remaining composed enterprise accounts (15 percent, Kcs6.4 billion).

As we learned at the press conference by Czechoslovak State Bank chairman Josef Tosovsky, in conjunction

with the expected domestic convertibility (100 percent offer obligation and possibility to purchase at the market rate) and its related devaluation, certain unhealthy phenomena have begun to appear. Enterprises, it seems, are expecting the price of inputs to rise, and are therefore importing feverishly. According to J. Tosovsky, these practices will have to be restricted.

Purchasing power parity cannot be the basis for the formation of an exchange rate between two currencies in a market economy, stated the SBCS [not further expanded] chairman. The exchange rate discussion is not being conducted in the right terms. An exchange rate is not set, but determined by the market. We are attempting to come as close as possible to a market rate with the rate that will become effective on 1 January 1991, but this rate may be different on 2 January 1991, because it will be set by conditions in the market. We want to stabilize its true market level eventually. We will use the reserve fund for this, using it to affect the supply of foreign currency and therefore the exchange rate.

#### Open Questions on Some Privatization Problems

91CH0122C Prague HOSPODARSKE NOVINY  
(supplement) in Czech 17 Oct 90 p 1

[Article by Jan Urban: "Privatization Question Marks"]

[Text] The privatization of the economy, the principles of which have been established, should in the near future move from government, parliamentary, and press discussions into real life. The discussion, naturally, will continue. The course of privatization will be that much smoother, and the pace and success of reform that much reader, the sooner these discussions get away from general questions and focus attention on specific problems of implementation. This involves mainly questions of legal and organizational conditions within the context of which, for the time being, general principles will be established for implementing the transfer of government property. In practice, after all, it will rapidly become crystal clear that this implementation will not be as easy as the experts predict.

This is true mainly of small privatization which, at least theoretically, should be completed in a relatively short time. I do not want to take issue with the basic auction methodology; from the viewpoint of social justice there is also no reason to put most of the population at a disadvantage for the sake of a vocal minority. Nevertheless, the questions surrounding the course of privatization remain. How, for instance, will so-called operating entities be defined—as "stores", real property, both? If it remains real property in the hands of another owner, what parts of the "store" will belong to him, and what claims will an owner have to any improvements that a businessman makes to the premises? To what extent will those interested in an auction have the chance to examine the books of "stores", over a longer time period, to gauge their profitability, as is the case with auctions in Western countries? How will a "residual price" be

arrived at under generally deformed prices and rising inflation? What will happen to the debts held by the operating unit? How sensibly can one participate in an auction without at least knowing approximately the fixed costs connected with future store operation—how much the owner can raise the rent, tax levels, insurance costs, etc.? Wouldn't it be better to adopt a practice used elsewhere in the world, where only those can participate in an auction who have proof of available financial resources (a letter of credit) from a bank, and where it is clear that payment will be made immediately after the auction? Can we develop private enterprise (especially in cases where there are limitations on the types of businesses allowed) if there is no detailed law governing bankruptcy that establishes, among other things, how the claims of creditors will be treated? These questions and a number of others come up immediately when one begins to think about small privatization from not only a general economic, but also entrepreneurial viewpoint.

The discussion on large privatization has so far focused on the appropriateness of its so-called coupon methodology. This technique is of course far from perfect and its disadvantages (mainly how effectively firms will function with a widely dispersed stock ownership) must be understood. The problem, however, is that the choice of privatization methods is between an imperfect method and other methods that are much more problematical. The main goal of large privatization is to remove productive capital from the government as rapidly as possible to prevent its further destruction. This goal cannot be achieved by any way other than by distributing large parts of government property to the general public.

There are naturally questions here as well. The general public has still not been presented with an overview of the conduct and technique of coupon auctions to implement privatization. It is not clear how much government ownership will be privatized in the future, and how much the public will be interested in stocks. Just as with small privatization, the question arises of how well the public is informed about conditions at these firms, and the related problems of protecting potential stockholders in ways common elsewhere in the world. How will we prevent the misuse of inside information by certain people? What will happen to firms that are only partially privatized, and how will they be managed? How sensible is it to privatize large firms into the hands of small investors rather than, or preferably, into the hands of private investment, money, and other funds, foundations, etc., i.e. financial experts capable of allocating capital? It would be a mistake to think that stocks are mainly in the hands of individuals in developed capitalist countries. For instance, in the United States roughly 80 percent of all financial capital is in the hands of financial institutions.

The devil is in the details, says an English proverb which, freely translated, reads the tricks are in details. If these tricks are not to threaten the course of Czechoslovak reform we need to devote much more time to the specific issues of privatization.

## HUNGARY

### Foreign Trade Rules To Be Relaxed

91CH0139A Budapest NEPSZABADSAG in Hungarian  
2 Nov 90 pp 1, 5

[Article by Zsuzsa Gal: "The Investment Law Is Being Modified"]

[Text] Anyone may engage in foreign trade with no special permit, and 90 to 92 percent of imports are being liberalized, Ministry of International Economic Relations [NGKM] State Secretary Janos Martonyi announced. This means that anyone engaging in foreign trade may bring more than 90 percent of his goods into the country without an import permit. This decision was made because competition is being viewed as more important with regard to the interim trend in the balance of payments, and the Ministry of Finance concurs. The quantitative restrictions—the quotas—are being limited to 8 to 10 percent in the nonliberalized [portion], although these will also be treated flexibly, the state secretary for the Ministry of International Economic Relations said.

A quota will be placed on certain strategic articles, agricultural products, and, among other things, the importation of passenger cars. In the case of the automobiles, next year's quota will be identical with the number imported this year. Importers falling within the quota limits will pay the low, 15-20 percent duty tax, which includes the consumer tax that will be abolished. However, an especially high duty tax will be paid on car imports above the quota, and here importers will have to compete for import permits. The winners of this competition may be the ones who provide for the supply of spare parts, who import at least 1,000 units of models [whose engines are] smaller than 1,600 cubic centimeters, and whose cars are intended for purchase by the general public.

A well-known fact is that crude oil and gasoline may henceforth be imported without a permit, although only those who receive an authorization permit may deal in these products. A permit will be issued to anyone who meets the safety requirements. As a result, the OKGT [National Crude Oil and Gas Industry Trust] and Mineralimpex monopoly will cease, as will the AFOR [Mineral Oils Commercial Enterprise] monopoly. As the state secretary put it, the situation will inherently release marketing, and lead to the privatization of AFOR. What is desired is that some gas stations will be placed under domestic and some under foreign ownership. Among others, the British Petroleum (BP) offer, in which it would take over 12 AFOR stations and build 24 new ones, seems promising.

Some economic laws must be modified or drafted very soon, said Janos Martonyi. The law on concessions actually makes a kind of privatization that does not go together with the transfer of ownership rights possible.

Concessions involve mainly the construction of roads, bridges, river harbors, and airports with foreign participation.

The modification of the law on investments is aimed at bringing the regulations that deal with establishing and operating domestic enterprises and societies closer together. While the tax advantage for foreigners must be maintained, the state secretary stressed that other terms are more attractive to them, including perhaps the state subsidy for investments, preferential grants for real estate, and development of the infrastructure. As an example of the latter, the Oroshaza Glass Factory needs 100 telephone lines and good roads reaching as far as Szentes; getting these will be more profitable than a tax advantage.

The terms of Soviet-Hungarian commerce are uncertain enough that it can be presumed that the changeover will have a greater effect on the balance of payments than expected. In other words, it is impossible to know if agreements will have to be entered into with Moscow or with the individual republics. If the Bashkirs, for example, were to offer 200 thousand tons of crude oil in return for consumer items, the question of whether they have, or will have need of permission to make such an offer is no longer an issue. For that matter, for both November and December the Soviet Union committed itself to deliver 143 thousand tons of crude oil—all rumors to the contrary aside—for rubles. This year, for dollars, it was to sell only the quantity in excess of this figure.

In concluding, Janos Martonyi reported on the negotiations going on with the EC. Hungary is making efforts to asymmetrically position itself to dismantle trade barriers, since at the start it is more a matter of being able to go through the motions, then after 1992 it can begin genuine tariff reduction. The goal is a type of association that points the way toward EC-membership status, the state secretary said. He then indicated that the series of negotiations directed at aiding the change of economic systems had already begun with the German delegation, and would continue next week in France and later in the United States and Austria.

## POLAND

### Foreign Investors' Annual Report Figures Published

91EP0096A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 30 Oct 90 p III

[Compiled by E.Z.: "Foreign Investors in Poland"]

[Text] The Industry and Commerce Chamber of Foreign Investors has prepared an extensive report on the situation and economic performance of foreign companies operating in our country. It covers mainly the year 1989; however, certain parts also pertain to the current situation. This report was presented during the recent 16th Polonia Economic Forum and was also submitted to Prime Minister Tadeusz Mazowiecki.

Chairman of the Chamber Stefan Lewandowski stated during the proceedings of the convention that such reports will be prepared on an annual basis. The perusal of these reports will facilitate a more precise evaluation of the situation of foreign capital in our country and its comparison with that of other investors. We are publishing extensive excerpts from the just prepared first report in order to enable our readers to do the same.

In 1989, 949 foreign companies and companies with foreign participation were actually in operation out of about 1,700 which were issued permits by the Polish authorities. The share of foreign companies in the total sales of Polish industry came to 2.5 percent. The average profit margin of foreign companies was 45 percent; it was about eight percent lower than the profit margin of the entire Polish industry. Profit taxes withheld from profits were comparable with the average for our country.

In 1989, the average labor force of all foreign companies amounted to 108,500 people, out of which 156 were foreigners. The average monthly wage came to 236,500 zlotys and was only 10 percent higher than the average of the Polish manufacturing industry (except extractive industries).

The 50 largest companies produced and sold more than 40 percent of the goods and services delivered by all foreign companies. The same 50 companies had 23 percent of the total number of employees.

Forty percent of the total number of companies generating almost 50 percent of the total output of foreign companies were concentrated in four voivodships (Warsaw, Poznan, Katowice, and Lodz). Foreign companies operated mainly in the garments industry (19 percent), construction (11.5 percent), light chemistry (11 percent), and food processing (nine percent). A considerable number of companies operated in wood processing, the furniture industry, precision mechanics, and the electronics industry.

Net sales per one employee in the 50 largest foreign companies amounted to 19.3 million zlotys and were 60 percent higher than the average for the 500 largest Polish enterprises in the manufacturing industry. The share of exports in total sales of foreign companies amounted to 22.5 percent and were 1.6 percent higher than the average for the 500 largest industrial enterprises in our country. Companies and citizens of the FRG and West Berlin (32 percent), the United States (10 percent), Sweden (10 percent), Great Britain (8 percent), and Austria (8 percent) were the leaders among foreign investors.

Despite the large number of joint-venture partnerships set up in 1989, foreign enterprises of small-scale manufacturing operating on the basis of the 1982 law still accounted for 75 percent of the overall number of economically active foreign companies.

**List of 10 Foreign Companies and Companies With Foreign Participation With the Highest Sales Proceeds in 1989**

Company Name	Sales (Million Zlotys)	Exports (Percent)	Accumulation (Million Zlotys)	Financial Result (Million Zlotys)	Withholding (Million Zlotys)	Sales Tax (Million Zlotys)	Profit Tax (Million Zlotys)	Net Profits (Million Zlotys)	Profit Margin (Percent)	Average Labor Force	Net Sales per Employee (Million Zlotys)	Average Wages (1,000 Zlotys)
Furnel International Limited	142,783	22.92	56,009	33,910	21,709	9,975	0	33,910	39.08	5,616	14	322.3
PZ Agrohansa Arnold Seie	95,317	35.46	17,683	18,252	2,237	2,111	0	18,252	23.51	569	63	295.2
PPZ Comindex	48,458	13.34	13,121	13,121	7,095	5,535	1,511	11,610	37.13	1,204	22	277.9
PZ Interagra	47,343	24.15	2,000	2,000	4,693	3,693	1,000	1,000	4.41	398	9	294.1
PZ Sun-Pol	26,225	66.29	- 3,027 [as published]	10,827	1,414	1,152	0	10,827	37.01	250	7	281.0
Effecta Company	24,107	62.06	8,226	14,419	483	457	0	14,419	85.41	6	4,030	359.3
PP Compar Limited, Parcz	23,687	98.02	16,808	18,009	376	0	0	18,009	261.77	52	352	480.4
Sugorpol Limited	23,428	47.92	7,498	7,502	1	1	0	7,502	47.09	162	67	562.9
Lim Joint Venture Limited	23,200	0.00	8,635	33,046	1,448	579	0	33,046	230.85	1,048	17	197.4
PZ Unicom	21,869	20.80	4,845	7,987	5,275	2,458	2,537	5,150	46.92	530	17	280.1

The report discusses the situation of foreign companies in detail. Their share in the total sales of Polish industry increased from one percent to 2.56 percent in 1989.

Data reflecting tax loads on foreign companies against the background of the situation of other enterprises are interesting. The results of the largest Polish enterprises included in the widely known 500 list published every year in the monthly ZARZADZANIE are the reference point for these comparisons.

The comparison presented suggests that foreign companies had an average load of 5.8 percent in sales tax and 12.2 percent in profit tax. Many of these companies still take advantage of tax holidays. Taking this fact into account (that is, omitting companies which do not yet pay profit tax), the average load on the profit of foreign companies amounted to 28.5 percent. For comparison, the manufacturing industry paid 9.3 percent in sales taxes and 31.7 percent in profit taxes on the average last year. For companies on the 500 list, these statistics were respectively 11.7 percent and 31.1 percent.

A simple comparison of average profit tax loads on the profits makes it possible to debunk the frequently mentioned myth of the unusually low tax on the profit of foreign companies. In this instance, we should take into account the fact that some of the companies paying profit taxes paid them from the date their individual tax holidays ended rather than from January 1989. Under the circumstances, the overall profit tax load on profits was at an average level for the entire manufacturing industry.

Here are some data on the locations of foreign companies in Poland. The largest number of foreign companies operate in the most industrialized and urbanized part of our country. The capital-city voivodship of Warsaw is definitely the most popular (182 companies), followed by Poznan (93 companies), and Katowice (58 companies). The garments industry is definitely prevalent amount the branches in which they operate (179 companies). One hundred and five companies operate in the broadly interpreted chemical industry, and 110 in construction.

In 1989, the average labor force of all foreign companies came to 108,668 people (115 people on the average). In total, 156 foreigners were employed by these companies. In 1989, only one company (Furnel International Limited) employed more than 5,000 people. From among the foreigners employed in foreign companies, the greatest number, as many as 40, worked for the LIM partnership, and 23 worked in the Interoceanmetal partnership. Only 17 companies employed more than one foreigner, and 47 employed just one foreign specialist.

How much do foreign companies pay their employees? There are also many ideas as to this which are not necessarily substantiated. The average monthly wage in the entire socialized industry was 233,200 zlotys in 1989; foreign companies paid an average of 236,500 zlotys, and the 50 largest companies—an average of 280,000 zlotys. From among the 50, the highest wages were paid in PZ [Foreign Enterprise] Dora (almost 384,000 zlotys per month). Above-average pay could also be had at the largest partnership, Furnel (322,300 zlotys). However, there were also foreign companies such as Befama-Vis Limited Partnership which paid only 113,000 zlotys per month.

Foreign companies sell most of their products in the domestic market. However, in 1989 export operations enjoyed particularly favorable preferences in the tax system. Much stronger incentives existed to increase exports and to increase the share of exports in total sales than in previous years. As a result, the share of exports in the total sales of foreign companies increased from 4.8 percent in 1985 and 10.3 percent in 1988 to as much as 22.5 percent in 1989.

What is the picture of investment activities of foreign companies? In this field, considerable concentration of expenditures is evident, with only 6.5 percent of active foreign companies being responsible for more than one-half of all funds expended for this purpose (144 out of 284 billion zlotys). The greatest outlays were those of Furnel International Limited—14.6 billion zlotys, Ferropol—10.6 billion zlotys, and "Gwarex Ryan Poland"—9 billion zlotys.

It is striking that almost 200 companies did not resolve to spend even one zloty for investment. If we acknowledge that in the 1989 environment, investment outlays had to exceed at least 50 million zlotys even in a small company in order to secure the desired effect, this means that as many as 424 companies, or almost one-half, actually refrained from investment.

Where is the capital coming from? As in all previous cases, calculations pertaining to the national structure of foreign capital invested in Poland were made for foreign companies which actually conducted economic operations in 1989. The results of calculations were presented in the form of two diagrams.

In particular, the second chart reveals many interesting results, mainly with regard to countries such as the FRG, United States, Sweden, France, Belgium, and Canada,

whose share in sales is lower than the quantitative structure would suggest, and Great Britain, Switzerland, and the Netherlands, whose share is considerably higher. The above observation leads us to state that companies started by investors from the three latter countries have much greater production and service potential than the average.

Foreign companies, joint-venture partnerships and foreign enterprises of small-scale manufacturing alike, have undoubtedly become considerable and increasingly significant elements of the Polish economy.

The share of their products and the services they offer in total sales of the entire Polish industry grows from one year to the next, amounting in 1989 to 3.16 percent of the sales of the manufacturing industry and, respectively, 2.56 percent of those in the entire industry. If we take into account the fact that the results of the work of iron and steel mills, shipyards, and mines, as well as the state monopolies for alcohol, tobacco, and matches, are included in the gross industrial product of our country, the actual share of output of the foreign sector in what finds its way to the average consumer is considerably higher.

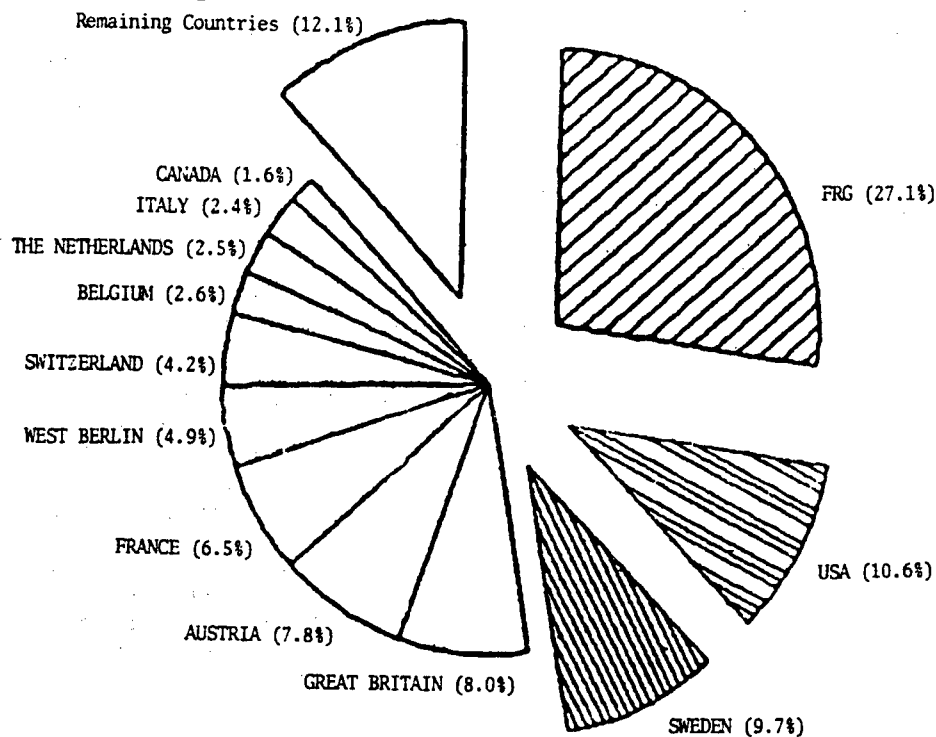
It is noteworthy that foreign companies have considerably expanded and reinforced the nonagricultural private sector in the Polish economy, furnishing in 1989 as much as 34.5 percent of its final product, while employing only 7.3 percent of the total number of people working in the private sector.

It is hard to classify many joint-venture partnerships and foreign enterprises of small-scale manufacturing (which are sometimes commonly and incorrectly referred to as Polonia companies) as being so-called "small-scale manufacturing." Four foreign companies (rather than just one) should have made the list of the 500 largest Polish enterprises ranked as follows:

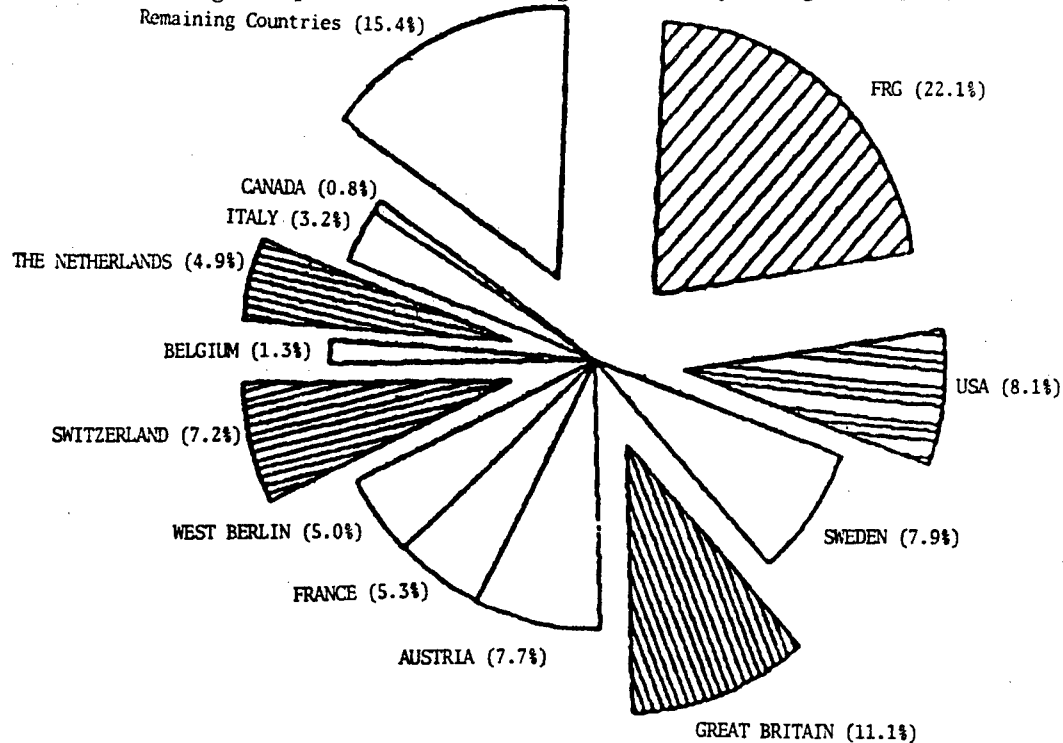
- Furnel International Limited—83
- PZ Agrohansa—141
- PPZ Comindex—318
- PZ Interagra—326

[These companies] outrank Polish enterprises as large and as well known as Polam-Warsaw, Fonica-Lodz, Pollena-Wroclaw, Furniture Factories-Wyszkow, Swarzedz, the Zabrze Iron Mill and hundreds of others.

Number of Foreign Companies According to the Country of Origin of Capital, 1989



Share of Foreign Companies in Sales According to the Country of Origin of Capital, 1989



In many respects, foreign companies have better economic results against the background of averages for the entire manufacturing industry. The 50 largest foreign companies achieve particularly good results; their indicator of net sales per one employee is more than 60 percent higher than the same indicator calculated for the list of 500 largest enterprises in the country, whereas the average monthly wage was less than 20 percent higher.

Foreign companies have lower than average profit margins, which markedly contradicts the often-repeated thesis about them draining the market and the pocket of consumers by dictating prices which are strikingly high compared to the cost of production.

Foreign enterprises of small-scale manufacturing, operating on the basis of the 1982 law, still accounted for a majority, or almost 75 percent, of the total number of active foreign companies in 1989. At the same time, their share in total sales was somewhat lower (71 percent) which would indicate a forthcoming "change of the guard," of sorts, and the takeover of the leading role by the newly formed joint-venture partnerships.

#### **Restructuring Consultant on Canadian Program, Work at Skogar**

91EP0094A Warsaw TYGODNIK SOLIDARNOSC  
in Polish No 44, 2 Nov 90 p 18

[Interview with Don MacLeod, consultant at the Canadian Executive Service Organization, professor at Waterloo University, and former director of a shoe factory, by Radoslaw Januszewski; place and date not given: "Tiger Soup"]

[Text] [Januszewski] How did it happen that you came to Poland?

[MacLeod] "The Seven"—the group of the most developed Western countries—declared a plan of assistance for those countries that were going from a "planned" economy to a market economy. That was followed by an agreement between the governments of Canada and Poland. We received an OK from the Economic Committee of the Council of Ministers. We are functioning.

[Januszewski] How much money is the Canadian Executive Service Organization (CESO) making from this?

[MacLeod] None at all. We are not a firm. We are a service organized by our government as part of the program for international economic assistance about 25 years ago. Our membership consists of over 3,000 experienced managers. We have already held consultations in Third World countries. With good results. Now a new program is beginning—assistance for Central Europe. Our work is free. In this way you are saving approximately \$1,500 for a day's work by an expert.

[Januszewski] International philanthropy?

[MacLeod] Investment. The Canadian government is investing in Poland's economic success because it is very

afraid of what will happen if there is no success. And also, our entrepreneurs might be interested in investing in this country.

[Januszewski] Are there people in Poland who want to take advantage of your services?

[MacLeod] Yes. Our local representative is establishing contact with them.

[Januszewski] In which enterprises were you a consultant?

[MacLeod] Skogar and Skorimpex in Lodz, Radoskor in Radom—shoe factories, tanneries, and leather products sales.

[Januszewski] Your overall impression?

[MacLeod] They have a good stock of machines, their production is not bad, and in Skogar there is an excellent inspection system.

[Januszewski] All pluses?

[MacLeod] All of the firms have more employees than necessary and their marketing is poor, including foreign marketing. What is striking is the waste of production space and the colossal losses in energy to heat and illuminate the monstrously huge halls and warehouses.

[Januszewski] Do these three enterprises give you a picture of the Polish economy?

[MacLeod] My impression is that they are typical. But they have to restructure in order to survive. One way is through marketing—to learn and shape the market, to sell on a large scale.

[Januszewski] What is the role of the CESO consultant in a firm which is reorganizing?

[MacLeod] You have problems, you want to solve them. The expert offers several remedies drawn from other market economies. Please choose.

[Januszewski] Choose?

[MacLeod] In one of the firms, when I presented a reorganizational proposals, I was told: that is a recipe for tiger soup—first you catch a tiger.... Both the management and the employees—the factory council and the trade unions—are in favor of the changes, but at the same time they are afraid because people do not know what should be done and how. They are afraid of risk, unemployment, the loss of the paltry but still existent social benefits that the plant provides. They discuss restructuring and remain passive.

I think that it would be different if all employees knew what the profit from the risk will be. Unfortunately, a gap appears between the declarations and the actions being taken.

[Januszewski] What is the reason for this?

[MacLeod] Lack of knowledge on how to proceed and the resultant fear of doing anything to change the situation. Consultants are needed who can not only prepare an expertise, but can also convince people that the proposed improvements will be effective.

[Januszewski] Are the Canadian models suitable for Poland?

[MacLeod] In Canada, a country with a market economy, there are approximately 350 "crown corporations," enterprises in which the main shareholder is the government. Each year several of them undergoes privatization and nothing tragic happens. We, too, have a system of social benefits. After all, in your country a market economy is to be established with social welfare adapted to Polish needs. The similarities are clear.

[Januszewski] Then let us follow Canada's example.

[MacLeod] Not everything that works for us must be good for Poland also. It would not be well if our expertises were to be accepted "rigidly", without consideration to the realities here. But I am afraid of something else—that we will leave and our instructions will be set aside and everything will remain as it was. That would no longer be tiger soup, but a tiger without soup.

[Januszewski] Do you have any plan for an overall change in the Polish economy?

[MacLeod] In Skogar we worked on a concept for making use of the unused floor space in the huge halls. It can be rented out to small firms employing, e.g., 50 people. Such small enterprises, manufacturing scarce and attractive goods, are murderously competitive with the industrial giants which specialize in mass production of shoddy goods. Skogar would make money on the rent and a consumer market would come about in Poland.

[Januszewski] What might threaten the economic transformations?

[MacLeod] The weakness of the capital system. Big money, quick money is made without a system of regulation.

[Januszewski] Meaning?

[MacLeod] A stock exchange is indispensable for privatization and the formation of capital. A market without a stock exchange is like a taxicab without a meter.

[Januszewski] What do you think about the plan for a central state stock exchange?

[MacLeod] I see no problem in this as long as private capital is used.

[Januszewski] What is your opinion about the Polish economy after being here?

[MacLeod] I have been here three weeks and do not know any more than anyone else engaged in economics, but I have reason to believe that investment in Poland can be begun.

P.S. For those interested in contacting CESO, the telephone number of the Warsaw office is: 44-54-84.

### Significance of Private Sector Questioned

91EP0092A Warsaw POLITYKA in Polish No 44,  
3 Nov 90 p 4

[Article by Andrzej Mozolowski: "The Funeral Procession"]

[Text] "Many representatives of the Ministry of Finance are promoting the thesis that no one should be allowed to make a lot of money because society, especially the working class, does not look favorably on this"—so reads part of a document issued by the Warsaw Committee of the Democratic Party [SD]. And further: "Unfortunately, toleration of unprofitable, insatiable industrial plants and state monopolies goes hand in hand with a ludicrous breakdown of the state's fiscal policy towards private business and crafts, which constantly do not have suitable defenders in the apparatus of the reforming state. In this apparatus the people who have practiced the same habits for decades represent the same brutal orders of the State Treasury to private business and crafts."

Is this true, or are these the normal age-old complaints of the private sector at the cruelty of the tax collector, made more dramatic because of the spirit of the times?

Deputy Prime Minister Leszek Balcerowicz has no doubts. What, generally, is this all about? In nine months of this year, he said at a meeting organized by SPRING, gross production in the private sector rose 25 percent! The Central Office of Statistics (GUS) published even better figures, for a half-year only, it is true, but here too, the growth, without agriculture, is 35 percent!

In the first nine months of this year, I learn at a press conference in the SD Central Committee, tax receipts from the unsocialized economy amounted to 30 percent of those planned!

—"This is the funeral march to whose rhythm the procession of the crafts is moving—and at the cost of the state, which apparently is not noticing." (This was the metaphor whispered to me by the man sitting next to me—a craftsman.)

### Where Does the Truth Lie?

Well, Deputy Prime Minister Balcerowicz dodged very cleverly; it is extremely doubtful that [SD] President Kubiczek supported him by this 35-percent (excluding agriculture) growth. It was GAZETA WYBORCZA which was taken in, reporting the growth of "production in the private sector, i.e. registered services, sales, and industrial production" (GAZETA WYBORCZA No. 247) in a paragraph titled "The Dynamic Private Businessmen." In actuality (I verified this in the GUS



Industry Department), production in the private sector during this time rose by all of 7.5 percent!

And the rest? The rest was trade, and mostly the tens of thousands of shops which recently converted from state to private ownership. Simply put, the revenues were transferred from the state column, and perhaps even the socialized column, if that is how the cooperative shops were regarded, to the private column. Thus there was not even a gain of one shop, but the dynamics were there! Of course this process is of great significance to the people, because private shops operate much better, and the privatization of the economy in this action is also important. However, the fact that someone takes over something that is already established has nothing to do with dynamics or the vitality of the private sector. This would require the establishing of new shops, crafts workshops, service centers, and above all, which should be very strongly emphasized, the expansion of old ones. And the situation in this regard is really disastrous. The little crafts shops remain as tiny as ever, the average employment is below two persons; the number of food shops is shrinking; bookstores are closing by the hundreds, like flowers cut by a scythe (somehow no one wants to take them over, even privately). The entire press recently carried articles titled: "A hundred thousand crafts shops have gone out of business!"

And this is supposed to be dynamics? This is supposed to be the fairylike spectacle of private successes?

The government says: some plants are bankrupting, others are being established. That is normal. That is what takes place throughout the entire civilized world. What is important is the balance sheet, showing a profit.

That is correct. But not entirely. Because what is even more important is what is going bankrupt and what is coming into existence.

What is coming into existence, as anyone can see, are the currency exchange counters, the delicatessen shops which sell only expensive foods, the cosmetics and fancy dress shops (all imported), the videocassette rental shops, the travel offices offering trips to Thailand and Hawaii, the consulting offices, etc. All of this is very necessary and should be applauded, but for mercy's sake, this should not overshadow the fact that an enormous part of the services are simply dying. Let those who think otherwise try to get their shoes resoled, their trousers altered, their electric iron repaired, their shirts laundered, their umbrella repaired, their topcoat dyed, their watch repaired....

There is no demand barrier to the above. On the contrary, people need these services, can and want to pay for them, only there is no one to pay.

Books: We know what is happening to readership in Poland. It is a disaster due to the horrendous prices of books and society's impoverishment. It would appear that because of this, this would be the time that book rental

libraries would be flourishing. Far from it. If there are any rental libraries, they are on the list of places to be liquidated.

Once upon a time, when we were building a second Japan, the government deluded the people into believing in a world in which shoes would not be resoled, suits altered, socks darned; if something was worn, you threw it away and bought new. Today we see that this time has not yet come, nor will it come soon. The demand for services is there, and the market, which is supposed to regulate everything beautifully, is regulating nothing, as if it did not exist at all. Why is this?

### Prove That You Are Not a Camel

As we know, the most necessary services and trade are being destroyed by exorbitant rents.

This is a subject which is constantly being written about, including in *POLITYKA* (see "In Search of the Naive", by J. Solski, No. 42/90). Therefore, I will limit myself to saying that the gmina authorities themselves should restrain their greed if they do not want the infuriated residents to ride them out of town in a wheelbarrow, and this includes the councilmen.

Another blow to crafts is the sudden announcement that they will no longer be able to settle their taxes in a lump-sum payment and will be forced to keep account books. This was to have been done, according to the finance minister's announcement, simultaneously with full fiscal reform, i.e., the introduction of a universal income tax and a value-added tax. The ministry did not keep its word. It was not able to prepare itself for its reform, so it postponed it until the second half and the end of next year, giving crafts a deadline of 1 January 1991. Without giving even a moment's thought to the fact that a couple hundred thousand craftsmen, who have difficulty in distinguishing a debit from a credit, are even less prepared for the new requirements. Crafts and business have to organize a couple hundred service offices which will do the accounting work and maintain all of the tax documentation for the accounts that they service. These offices must have fiduciary powers to represent their clients before the treasury officials. Which the ministry does not want to agree to.

Obviously, it is easier and more convenient to deal with craftsmen (or merchants) who do not have a knowledge of tax laws and can always be duped or frightened, than with professional accountants and attorneys.

To say nothing of excesses. An enraged (and highly credible) merchant told me about the financial inspection made of this shop. Two young ladies looked at his documentation, then said that they really do not know very much about all this, but that they had come to select something from among the clothes sold at this shop. They made their selection, did not pay, and left. "Nothing has changed," said the merchant, "the way it was under communism, so it is under Balcerowicz."

It is said that Poland lacks capital, hence the problems with privatization. The craftsmen say that this is not true. They say that the "mattress" deposits, in foreign currency and zlotys, are estimated at \$20 billion.

So what. As soon as someone takes out his money and invests—in a workshop, a shopping block, a truck—the State Treasury jumps in and asks: Where did you get this money from? Can you document it? Saved from a business, you say, 10 years ago? Saved and not taxed? Well then, we will assess the tax, plus interest for the 10-year delay in payment.

And so the savings are gone. The thrifty person has to even add on to the savings that the treasury office confiscated. The private entrepreneurs cannot go along with this. They are demanding a tax amnesty on the money they have.

The paragraph on "outward signs of enrichment" still appears in the Law on Income Tax.

—*"They summoned one of my employees to the treasury office," says the owner of an 'investment-production enterprise,' "to explain where he got the money to buy a Fiat.... Just like in the days of the man with the mustache and the pipe. Prove that you are not a camel. It is good, of course, to be enterprising today, but it is not good to have money. And one without the other gives poor results.*

Well, what can we say. The above described actions are in compliance with the law now on the books. But we should stop and consider whether in order to encourage people to put into circulation the capital now lying idle, it would not be worthwhile to change the law.

It is very bad with investments in general right now. Few people are building anything, even workshops, to say nothing of factories. But the financial system does not in the least encourage them to do so. There are no investment allowances, no depreciation writeoffs. Yes, there are tax exemptions, but only for new plants—so called "tax vacations." Which encourages people to establish new plants, at least for the period for the "vacation", and then disappear. There are even cases where new enterprise-companies are formed to conduct a single, very lucrative, transaction, after which the firm vanishes into the air, making it difficult for the state treasurer and sometimes even an interested prosecutor, to find them. Is this what this is all about?

Here is where the mystery of the ostensibly paradoxical collision of events mentioned in the beginning is explained: the private sector is presumably flourishing and the State Treasury received from it 30 percent of

what had been planned. Very simply, it is the new businesses that are flourishing—the delicatessens, currency-exchange counters, and videocassette rental shops—on tax vacations, and the old shoemaking shops, electrical repair shops, laundries, etc., whose money the treasury offices are lying in wait for, are bankrupting or suspending operations, and not paying taxes.

#### Dismal Indicators

It seems that the people in the Ministry of Finance do not understand how a market economy develops. It develops not so much as a result of the endless multiplication of miniestablishments (we already have more than a half million of them in Poland), as it does through the growth of those which are already operating in the market. The street salesman progresses from selling out of a suitcase to selling at a street stall, from the stall he moves into a shop, from one shop he expands to two shops, then he set up warehouses, transport, buys out a production plant, creates a large industrial-sales organization, joins a company, buys its shares....

In other words, he invests, invests, and once more invests. And of course, he operates on a great deal of credit. In Poland, investment is successfully discouraged, while in order to obtain credit, a private businessman must be very aggressive, and often without results. Hence the suspicion and resentment become understandable. From the already cited document: *"We are demanding that public disclosure be made of how the funds from the West, sent for the fund for the support of private enterprise, are being used, and the appointment of a joint commission comprised of different political and economic forces to distribute these funds most effectively."*

And credit from domestic sources? Well, it was precisely PKO [Polish Security Bank] which, under the pressure of an order from the National Bank of Poland to increase reserves by 500 billion zlotys, stopped giving credit entirely.

I will end at the point where I began. The triumphal 35-percent growth this year by the private sector (including a production growth of 7.5 percent) is a laugh and a horror. Before privatization began, this sector's share in the total gross production of our country (excluding agriculture) was slightly over five percent. Therefore, how much is it supposed to grow after a year if we intend to privatize the economy in this century? 200 percent? 300? 400? I do not know. In any case, the figures mentioned at the beginning look dismal, and discrediting. The small-scale commodities private sector does not appear to be developed. Rather, as always, it appears to be repressed.

We are awaiting the amnesty which is so urgently needed.

## POLAND

**First 'International Baccalaureate' High School Opens**

91EP0073A Warsaw RZECZPOSPOLITA in Polish  
3 Oct 90 p 3

[Article by Wojciech Dorosz: "First Private [High School]" ]

[Text] "It is my dream to have this school become the best and most selective college with a dormitory and uniforms", said Mrs. Zofia Szadkowska, Director of the first private high school in Poland. This is not just rhetoric. Grazyna Hase is already designing uniforms for the school. Both students and parents want them.

The high school opened in September this year. It is the first school of the "International Baccalaureate" [IB] system in this part of Europe and 119th in the world. A few years ago the management of the IB system presented an offer to the Ministry of National Education to organize a school with a teaching system based on IB programs. Not until this year, however, was it possible to implement it.

The IB is a uniform system of teaching. It offers a thorough and complete education, especially in languages, and a baccalaureate that is recognized just about everywhere (also in Poland). It allows students to go on to colleges and universities without entrance examinations. Besides the IB program, the Warsaw high school also conducts the MEN [Ministry of National Education] minimum program. In the first and second grades (at the moment there are only two grades), the scope and methods of teaching as well as grading are similar to those normally used in schools. Only in the third and fourth grades will the IB program be fully utilized. Subjects will be graded in points which, together with the baccalaureate, will constitute the score to be taken into account at admittance to universities, the same way it is done at Oxford or Harvard.

All tests and baccalaureate examinations will be sent from the management of the IB system in Geneva and then returned there to be evaluated. Special emphasis is placed on languages. There are six languages to choose from; two are required, English and German, and four are optional—Italian, French, Russian, and Latin. A graduate of the school should be thoroughly and broadly educated. Courses in physics and chemistry are conducted under the auspices of the Warsaw Technical University, in its classrooms and laboratories. Students choose optional courses from a wide range of possibilities. Among them are: cultural anthropology (the search for one's self in cultural systems), mass media (the art of conversation, conducting an interview, making a simple film, or preparing an investigative report). One class offers a focus on film. Instructed by the faculty of the Lodz Film School, students acquire knowledge and experience in directing, art design, or camera work. Classes such as computer science and physical education are

required. Computer programming is as important as swimming or playing tennis.

For many, the cost of 1.9 million zlotys may appear shocking. Considering the earnings of the majority of people, it is a lot. Taking into account the benefits of attending this particular school, however, it is not so much. For the money, the students have the highest available level of education, free tutoring, two camps a year (the first, a language and orientation camp, was held in Bieszczady in September, the follow-up camp, a skiing one, is planned for winter), lunches, school books, and other necessary materials. From these funds the school has to pay rent and teachers' salaries, and send \$150 dollars a year for each student to Geneva. These are the costs for the system's quality and prestige. In the third and fourth grades tuition will rise to \$300 dollars a year to cover the additional payments for tests, baccalaureate examinations and diplomas. Director Zofia Szadkowska is counting on sponsors and new tax regulations to help keep the costs of tuition relatively low (in comparison to other countries).

Who is able to afford sending their children to a private school? Over 90 percent of parents are university graduates. They represent mainly academic and creative professions, and business people who travel abroad. More than 400 candidates took the entrance exams. Only 66 were admitted. An orientation and language camp was held in Bieszczady in September. Students were divided into classes according to their knowledge of English. Psychological tests were also conducted. All students proved to be top level for their age and several of them represented the highest level for adults. This means there is no need to fear having to lower the level of the program. On the contrary, it may prove to be too low. Classes last from 8:30 AM to 5:30 PM. This seems very long. Nobody complains, however, about the amount or the monotony of work. Classes are arranged in such a way that the schedule reduces the fatigue factor to a minimum.

Teachers earn much more than in state schools. Their professional requirements are also higher. The basic salary is 1 million zlotys. In addition, there is a system of rewarding good results, and innovative and diversified teaching methodologies. A teacher must stimulate the students to actively participate in a class, to keep up with current cultural events and scientific news and to independently broaden the scope of their knowledge.

Private schools have created a lot of controversy. They have been accused of creating elites. Forty five years of the principle of "equality" has had its expected effects. If such barriers can be successfully broken and a new truly intellectual elite is created, one that can utilize languages as well as the art of conversation, all will benefit. These schools give such an opportunity. The education they offer to young people will open all the borders for them.

### Youth Organizes Job Placement Agency for Recent Graduates

91EP0089A Warsaw ZYCIE WARSZAWY in Polish  
17 Oct 90 p 3

[Article by Halina Lesnicka: "Don't Ask How Much!"]

[Text] Agnieszka, 20 years old, is looking for work. She graduated last year from the Batory Secondary School but did not get accepted at AWF [Academy of Physical Education]. Jerzy finished the Railroad Technical School and wants to service computers and not on the assembly line as was offered to him. Ewa was a cashier but her institution was closed down and she has been unemployed for several months; fortunately, her husband is working but they have two children to provide for. She wants to work in her profession; she is an economist.

Just two months ago, Urszula Szczech was an unemployed sociologist. She went to register at the Dabrowszczakow District Employment Bureau where she met another sociologist. They complained to each other about the lack of jobs for sociologists. It was not until a subsequent visit to the bureau that they came upon an idea—the Youth Job Placement Agency was being formed. Perhaps there? And now, Urszula is already working at the Agency and is looking for work for Agnieszka, Jerzy, and Ewa as well as other graduates and also for somewhat older youth.

Nearly all Agency employees are almost the same age as their clients and this is probably the main secret of their success. During the first two weeks, more than 100 graduates applied to the agency, and a portion of them have already begun working and are very pleased—both they and their employers.

The Youth Job Placement Agency began its operations on 1 October of this year and was created through the initiative of a group of sociologists from the Institute for the Study of Youth Problems supported by the Mazowsze region NSZZ [Independent Self-Governing Trade Union] Solidarity, the Youth Sections of Citizens Committees, and the Citizens Foundation. The offices, which include two small rooms on the ground floor at Zagorna Street 3, have been made available at no charge by the Institute. This place is extremely busy even though unemployment benefits are not paid out at the agency. Frequently, a table has to be placed outside in the hallway because the applicants cannot fit in the small rooms. It is not only those seeking employment who come here but also potential employers.

"The main goal of the agency is self-help; teaching young people how to move about independently in the job market. They have no idea whatsoever of how to go about this; they are not able to cope under competitive conditions where several and at times a dozen or so candidates vie for the same job. No one has taught them how to do this and yet this should have been, for

example, the school's responsibility," states Ewa Czarnecka, a research worker at the Institute for the Study of Youth Problems who together with a four-member group of sociologists is in charge of unemployment problems among young people and works in cooperation with the agency on a daily basis.

"The fundamental error made by young people," continues Ewa, "is their first question: 'How much?'. We teach them here that their interview with an employer should be handled differently; they must be able to present their interests, capabilities and qualities and sometimes (e.g., in the case of private employers) they have only two minutes in which to do this! Those who are incapable of this, fall by the wayside! Thus, we teach them: Don't ask how much you will be getting, and smile. This helps! Besides this, there are sometimes those who are very helpless and shy. For example, Agnieszka has many qualities but is very shy; it is necessary to go with her to a prospective employer and practically take her by the hand there."

The best suited for this is Andrzej who is good at conducting such talks. Work and wage conditions are often negotiated on behalf of young people because the offers vary greatly.

There are many offers from private employers but also from state enterprises and institutions (e.g., GUS [Central Office of Statistics], FSO [Factory of Passenger Cars], Cora). There are also atypical offers, for example, a photographer looking for models (there are candidates for this), the Fraszka theater looking for artisans who can sew puppets, or the Association of Entertainment Enterprises in search of canvassers to sell prize tickets (they must have their own car, though).

Young women with a secondary school education who apply here usually want to work as secretaries or saleswomen in boutiques. There are also instances where young girls with a grade school education have high expectations. Everyone has to be treated individually and work found for them suited to their qualifications, interests, and personality.

Many of the young people who come to the agency have already had contact with an employment bureau where nothing other than unemployment compensation was offered them. Here, there are job offers. Why?

"Perhaps above all, because," says Urszula, "here, no one waits for offers to drop on the desk by themselves. We search for jobs ourselves; we study the ads in ZYCIE WARSZAWY every day very thoroughly; we make calls to plants and work establishments. Some employers already know the address on Zagorna and come here as, for example, the representative of IKEA and Hansa that are building the Okecie airport [Warsaw]. There are many offers but not all are accepted: for example, there is no one interested in working for the FSO which is offering work for 500,000 zlotys nor candidates for carpenter's or steel fixer's positions offering 3 million zlotys.

The agency also offers complete information on all courses and possibilities of acquiring a new profession or retraining for a different trade. The problem is that some of these courses are quite expensive, for example, computer repair courses which cost over 1 million zlotys whereas these expenses cannot be refunded from the Work Fund without the guarantee of later employment. Naturally, virtually no one can give such guarantees. Therefore, young people are not flocking to these courses.

For the time being, the agency is working under very difficult conditions. All of its furnishings consist of two desks and an old typewriter. Work conditions may improve since the "Regardless of Adversity" Foundation, formed recently by Anna Radziwill, Pawel Czatoryski, and Michal Boni, intends to support the agency's activity.

The plans are very extensive: a youth club for young graduates is to be formed shortly where courses and lectures will be given (for example, on how to look for work). In the future, the agency also intends to involve itself in creating work opportunities for youth by operating its own business ventures. However, all of this depends on the great unknown whether there will be a place to house the agency because the Institute for the Study of the Problems of Young People is currently in the process of being closed down. It is not known whether the group handling unemployment among youth will continue to exist even though the agency is an excellent source of information for researchers who finally have direct contact with life.

"For the first time in my research work, I have the feeling that my work is truly useful; that it has meaning and helps people. We conducted all kinds of studies in our group for many years which were generally filed and locked and no conclusions were derived from them. Presently, the results of our studies (we are distributing the survey among the young people who come to the agency) will already be known in a month and it will be possible on their basis to take concrete steps in alleviating unemployment among young people," states Ewa Czarnocka. She works in cooperation with Ewa Czechowicz, Wojciech Gierzmanowski, and Jerzy Puchalski.

Let us hope, therefore, that the activity of the Youth Job Placement Agency, which is developing so well despite difficult conditions, will become an example for other similar initiatives nationwide and that the achievements of the team of researchers and sociologists, which support it, will not go to waste.

### Membership, Publications, Status of Non-Roman Catholic Churches

91EP0093A Warsaw TYGODNIK SOLIDARNOSC  
in Polish No 43, 26 Oct 90 pp 12-13

[Article compiled by E. W.: "The Others"]

[Text] The more than 45 years of the so-called state religious policy have left an unerased mark on the Polish landscape. From the war waged against it by the totalitarian state, the Catholic Church has emerged victorious thanks to the masterly skill of its great leaders who took advantage of the techniques of both battle and compromise. The Church built institutional power. No doubt we will be debating about moral power and deploring the superficial religiousness of millions of its believers for a long time. But the fact is that a Pole sits on the papal throne—and that is not just one of the most important facts in Polish history. It is one of those facts that decisively affect world history in the 20th century.

What is the situation after these 45 years of the nearly 65 other churches and religious denominations that exist in Poland? Can these Polish citizens, who number nearly two million, who believe in their God and were faithful to their doctrines, their principles, have a sense of moral victory?

The Office of Religious Denominational Affairs, recognized unanimously as an agency of the communist state for combating and manipulating religious organizations, has passed dishonorably into history. The all-powerful Fourth Department of the Ministry of Internal Affairs, which was the real decisionmaking center in these matters, does not exist. The 1989 law guaranteeing freedom of conscience and belief put an end, at least formally, to the state administration's prying into the internal affairs of the churches.

Quite likely, the years of hypocrisy during which the services of the state were offered officially to ensure legal activity for many religious denominations are behind us. This pertained, for example, to the Polish National Catholic Church (today, the Polish Catholic Church) or the Old Catholic Church of the Mariavites, who were repressed in Poland during the period between the wars. Illusory freedom was given these churches only in order to exploit their existence for the moment as a counterweight to the Catholic Church. Their small numbers, their hierarchic weakness and doctrinal doubts, which compelled loyalty to secular authority, were exploited. "Legal" grounds for their being active were set up. Religious denominations were subject to the modified Law on Associations of 1932. This was subsequently made more precise by the decrees of 1953 and 1956 which guaranteed to the state the right to interfere in

such obviously internal affairs as appointments to church positions, diocesan boundaries and headquarters. Repressions were also applied.

Few remember today that the superior of the National Church died under mysterious circumstances in Rakow. Few remember that in the 1960's, Rabbi Morejno of Lodz was in jail, that he was later forced to leave the country and, in 1988, his home was confiscated and his priceless collection of relics of Jewish culture was thrown into a rubbish heap. Not two years have passed since the registration of the Jehovah's Witnesses, who were condemned by Catholic priests from their pulpits, who were driven from their homesteads by peasants armed with axes, but who, because of their doctrine of ignoring the state as a form of human coexistence, were also persecuted by the administration.

But what is painful, is the fact that many of the superiors of religious denominations did not have to be forced to obey. State protection was convenient. It came to pass that meetings of executive groups of some denominations might even be cancelled due to the absence of a representative of the government. A recent funeral of a person famous for the personal satisfaction he derived from legal manipulations in denominational centers, precipitated an assembly of almost all the hierarchy of non-Roman Catholic churches in Poland. The love of sacrifice to the devil also found such an expression.

The state policy with respect to minority denominations had its meanders. In the postwar period of relative peace, 1948 brought the idea of creating one common church among those inclined toward coexistence with the communist authorities. An attempt was made then to unite, for example, the Mariavites with the National Church; this was not successful mainly due to doctrinal considerations. But five Protestant churches with the most various ideological bases formed the United Evangelical Church in the Polish People's Republic; it numbered 18,000 members and lasted until 1988.

The 1950-53 period was a time of strongest "Eastern influences," marked by repressions of minority churches. At that time, the state did not conceal its antireligious stance.

By 1956, attempts were made to once again include minority denominations in the Polish landscape, but the records of the Polish Ecumenical Council show that complete hypocrisy ruled at that time.

At the beginning of the 1960's, an attempt was made to implement the wonderful idea of dividing the Catholic Church into autonomous groups (three such parishes were formed) or to reinforce Mariavite or Polish Catholic Churches with the separated parishes.

In the mid-1970's, Gierek's team discovered the possibility of exploiting the existence of small denominational groups for propaganda. Outright attempts were made to secure public statements in which subtle support for the existing order was hidden.

The same impression might be perceived since the mid-1980's when the introduction of non-Roman Catholic churches, frequently only as an ethnographic curiosity, served to create an image of tolerance for the authorities then in power.

Today the minority churches are trying to separate themselves from their past. In the columns of the monthly JEDNOTA, devoted among other things to ecumenism, representatives of seven churches belonging to the Polish Ecumenical Council, pose the question, is ecumenism necessary at all? Today the Council includes the following churches: Orthodox, Augsburg Evangelical, Reform Evangelical, Polish Catholic, Methodist, Christian Baptist, and Mariavite.

In spite of the appearances of independence, this was a controlled organization all of whose presidents assumed office with the anointing of the Office of Religious Denominational Affairs. In spite of the fact that the current president, Bishop Zdzislaw Tranda, was finally elected democratically (in 1983, he was eliminated by the Office with an opposing candidate), he is decidedly opposed by a radical opposition which definitely acknowledges the history of the Council: "an attempt was made to unify us, but only in order to bring us all together to oppose and to win out against the Roman Catholic Church." The radicals sorrowfully admit that ecumenism in Poland was an empty phrase and without the participation of the largest of the churches may remain so forever.

The Catholic Church had reservations with respect to this idea, but it was actually on its initiative that a Joint Committee was formed and then a Subcommittee for Matters of Dialogue. The idea of ecumenism, which Vatican Council II attempted to put in order, calling members of other denominations "separated brethren," creates problems worldwide. In our country, it is all the more delicate a problem in that political events are superimposed on it.

Introducing religious education into the schools made it apparent once again that the problem of coexistence of various denominations in our country is still unresolved. From time to time some incident (the matter of the Carmelite convent, the fire in the Orthodox Church in Grabarka) reminds us that ethnic differences are imposed on denominational differences, and this always increases the danger of conflicts.

We like to comfort ourselves with the idea that only in critical moments are demons exhumed here. Demons of nationalism. Demons of anti-Semitism. We like to pretend that this is of minor importance in the life of our society. But a half century of manipulation and hypocrisy preserved and consolidated in the people an animosity toward "pseudoreligions." And among the more worldly part of the population, there is simple ignorance about members of other denominations and a conviction that they are the last expiring remnants of an ethnological museum.

This is the gist of the matter, a laconic and certainly incomplete review based on the ATLAS WYZNAN W POLSCE, published in 1989 (with data, therefore, from two or three years ago), compiled by Jan Kozłowski, Janusz Langner, and Tadeusz Zagajewski, as well as a brochure that was left by the Office of Religious Denominational Affairs, dated 1987 with an extensive chapter, "Documents of the 10th Congress of the Polish United Workers Party."

### Orthodoxy

Polish Orthodoxy has a tradition more than six centuries old, which includes numerous attempts at becoming independent of foreign, mainly Moscow, patriarchs. The first independent metropolis within the Polish state was created by Casimir the Great. This was the Halicz metropolis consisting of four bishoprics. During Jagiellonian times, nine bishoprics made up the Kiev metropolis. The Brest Union of 1596 gave rise to the Greek Catholic Church in Poland (the Uniate Church). The next attempt to free the Polish Orthodox Church from foreign jurisdiction was made by the Orthodox Conference in Pinsk in 1791, called on the initiative of the Four-Year Sejm. Targowica frustrated these intentions [confederation formed at Targowica protesting the Constitution of 3 May 1791]. The failure of the Kosciuszko insurrection resulted in a russification of Polish Orthodoxy. In 1918, four million Orthodox believers in Poland were granted independence and a separate organization, but the formal process of autocephalization continued to 1948.

Today the Polish Autocephalic Orthodox Church, one of 15 existing in the world, has more than 800,000 members. Organizationally, it is divided into five dioceses and has 313 places of worship. Functioning are one Orthodox monastery, one convent, one seminary, and one Higher Seminary. Approximately 30 individuals are studying Orthodox theology at the Warsaw Christian Theological Seminary. The denomination is the second largest in Poland and issues two periodicals: a quarterly, WIADOMOSCI POLSKIEGO AUTOKEFALICZNEGO, and the monthly, CIERKOWNYJ WIESTNIK.

Beautiful in its outward coloring is the denominational group, Eastern Old-Rite Church; it does not have a spiritual hierarchy, having roots that go back to the breakup of the Russian Church in 1654. Recognized as rebels by both Tsar Peter I and the Moscow Synods and persecuted, toward the end of the 17th century, these so-called priestless people settled, among other places, on the land of the Augustow Wilderness. In later years, this small association divided into the Philipons with radical doctrinal views and the Chlysts similar to protestantism. As a result, in Poland today, we have approximately 2,600 members of the Old-Rite Church living in four villages: three Philipons in Augustow and one Chlyst in the Bialostok region.

### Protestantism

In these times, the designation "Protestant" is applied to more than 2,000 denominations worldwide. For simplification, they may be divided into a few basic groups. In addition to Lutherans, Calvinists, and Anglicans, there are Anabaptists, Bible-study movements, and pietism with its specific Polish variant, the Mariavites.

The first Protestants appeared in Poland as early as 1518, but despite established patterns of Polish tolerance, they were persecuted by Zygmunt the Elder, and only the Constitution of the 3rd of May gave them full rights. After the period of partitions, the Second Republic inherited seven Protestant churches: two Lutheran (termed Augsburg after the Diet of Augsburg in 1530 at which the basic tenets of this faith were presented), two Calvinist (Evangelical-Reformed), and three mixed.

In 1936, the Decree of the President of the Polish Republic on the Relations of the State to the Evangelical-Augsburg Church legally sanctioned the existence of the Lutheran Church in Poland; at that time, it included approximately 500,000 members. The Reich recognized them as being volksdeutsch. Many, believing themselves to be Poles, were lost in the concentration camps. The Polish People's Republic recognized the validity of the 1936 decree.

At present, the Evangelical-Augsburg Church has 90,000 members and is the third largest denomination in Poland. This Church with its six dioceses adopted Polish as the liturgical language. It excluded from its organizational structure almost 20,000 Germans who did not become Polish citizens.

Calvinism in Poland is represented by 4,500 members of the Evangelical-Reformed Church.

The Lutherans publish a monthly, ZWIASTUN, and the Calvinists, the monthly JEDNOTA.

Among historical personages espousing Lutheranism were: Samuel B. Linde, Gizewjusz, Oskar Kolberg, the publishers Goebethner and Wolff, and Gen. Julian Konstanty Ordon (the November uprising). Calvinists included: Mikolaj Rej, Jan Laski, Andrzej Frycz-Modrzewski, Wojciech Gerson, and later, Stefan Zeromski and Jozef Pilsudski.

Up to 1988, the United Evangelical Church was a special denominational organization that between the 1940's and 1950's united five churches that had functioned separately and had various roots: from the Prochow movement at the beginning of the 20th century in Russia through the Plymouth Brethren movement (1830) to the traditions of the Pentecostal movement (beginning of the 20th century, U.S.A.). There is no other such church in the world, although doctrinally it is somewhat like the American Presbyterian Church. This Church has approximately 18,000 members in Poland.



In 1981, approximately 1,800 members separated from this Church and formed the Church of Free Christians, manifesting their attachment to the ideas of the Plymouth Brethren and adopting from them universality of priesthood and only one element of liturgy, the Lord's Supper. In 1988, four separate denominational groups left the United Church and this led to its dissolution.

The Association of Protestant Christians has been in existence since 1984 with the same ideational source as the Free Christians. The six autonomous Protestant communities have 220 members.

Methodists derive from a reform branch of the Anglican Church. They are doctrinally close to Calvinists considering the stress that this religion places on method (therefore, Methodism) of human behavior and exposing secular elements of the church. As early as 1921, Methodists founded an English-language school in Warsaw, but during the whole interwar period, they were not able to obtain formal legalization for their denomination. Today this Church has 4,250 members, conducts the still famous English-language school and publishes the monthly, *PIELGRZYM*.

The Polish Church of Christian Baptists, derived from 16th century Switzerland, reached Poland in the middle of the 19th century. Baptists do not have a codified doctrine; they understand the church as a voluntary community of people in a personal relation of their souls to God; 6,200 members of this Church in Poland read the monthly, *SLOWO PRAWDY*.

Both the Methodists and the Baptists have their headquarters in the United States.

The Church of Christ made its way into Poland from the United States in 1921. Today this denomination has the official name of Military Parkway Church of Christ with headquarters in Dallas; it has approximately 30 million members, mainly in the U.S.A., West Germany, and Great Britain. In Poland, it has approximately 6,000 members who live mainly in the so-called Regained Territories. They are the descendants of arrivals from the U.S.A. who in 1921 settled in Wolyn, Polesie, and the Wilenszczyzna regions, later, within the framework of a displaced-persons action, they were moved to western Poland. This Church accepts the New Testament as the sole source of faith.

The Church of Jesus Christ of Latter Day Saints, the Mormons, also has an American source. This denomination is a conglomeration of the beliefs of the first settlers in North America. Today it has approximately 1.5 million members, including approximately 70 scattered over several locations in the northern part of Poland. At present, a few missionaries of this denomination live in Warsaw. Its history goes back to the first half of the 19th century when the theocratic state of Joseph Smith existed in Salt Lake City.

The American Christian Science Society is the source of the Christian Science Association with headquarters in

Boston. In Poland, there are approximately 100 registered adherents of this religion, which is based on Christianity, Hinduism, and theosophy. The prestigious daily, *THE CHRISTIAN SCIENCE MONITOR*, is the principal strength of this association.

A special, very dynamically developing group of Protestant denominations are the Bible-study groups. The purpose of these movements is a constant study of the Bible. These groups originated in the middle of the 19th century in the United States on the initiative of Charles Taze Russell, and before 1916, it was a unified organization. Russell's followers led their students along separate paths and today there are at least four main Bible-study branches taking their names from the names of those leaders.

The Russell branch is represented in Poland by the Association of Free Students of Holy Scripture. At least 2,700 members of this association are traditionally connected with the headquarters in Detroit. In Poland, they publish the bimonthly, *NA STRAZY*.

A Bible-studying Orthodox direction is that of the Association of Students of Holy Scripture numbering more than 400 members with its main Polish center in Bydgoszcz. The organ of this association is the bimonthly, *SWIT KROLESTWA BOZEGO AND WTORNEJ OBECNOSCI JEZUSA CHRYSTUSA*.

The Johnson branch is represented in Poland by the Secular Missionary Movement "Epiphany" (the word represents a liturgical manifestation as well as the Three Kings in the old Christian period). This movement has approximately 2,000 members. Three monthlies are published: *TERAZNIEJSZA PRAWDA*, *ZWIASTUN CHRYSTUSOWEJ EPIFANII*, and *SZTANDAR BIBLIJNY*.

Rutherfordists are also among the Bible students. Jehovah's Witnesses are included here. This is a very dynamically developing denomination which probably has more than 100,000 Polish members in spite of the fact that the Watchtower, A Bible and Tract Society, a registered association of Jehovah's Witnesses existing since 1905, was registered as recently as 12 May 1989.

Among the Bible-studying groups, there are also such communities as the New Apostolic Church in Poland (1,000 members), The Apostolic See in Jesus Christ (50 members) and the Union of Bible Students in Poland.

A denomination with a different history are the Pentecostals. This denomination began in 1906 in the U.S.A. when a group who interpreted the New Testament differently broke away from the Methodists. Today the Pentecostals arouse curiosity with their unusual liturgy with collective religious experiences that emanate from faith in individual revelations.

A quite closed group in the circles of this denomination is the Protestant Community of the Bieszczadzki Region



with headquarters in Wola Piotrowa. It has 450 members who arrived in the 1970's from Slask Cieszynski; they rejected union with the United Evangelical Church. The Christian Pentecostal Community left this Church in 1983 with 20 Protestant communities of Pentecostals. The others left the United Church in 1988 and called themselves the Pentecostal Church.

The Church of the Seventh Day Adventists has 17th century origins; its members, awaiting the second coming of Christ, lead a disciplined life. They do not use alcohol or narcotics and promulgate vegetarianism. This Church has more than 8,000 members, and its splinter faction, the Church of Sabbath Day Christians, has approximately 500 members. Adventist publications include ZNAKI CZASOW, SLUGA ZBORU, and LEKCJE BIBLIJNE.

A specifically Polish variant of Catholicism are the Mariavites, founded at the end of the 19th century by Felicja Kozłowska, who was called "Little Mother." Established in the convent in Plock, this nun attempted to stimulate a movement of moral renewal of Catholicism based on a special cult of the Mother of God. Efforts to obtain recognition of the Vatican came to nothing. In 1935, the Mariavites separated into two sections. Today the Catholic Church of the Mariavites has approximately 4,000 members and the Old Catholic Church of the Mariavites, 26,000. The first is headquartered in the convent in Felicjanowo near Plock, and the second, not recognizing any authority, stresses its belonging to the Utrecht Union of Old Catholic Churches.

Aryan traditions are alive in Poland. The Union of Polish Brothers (Krakow), operating since 1945, which did not avoid a breakup in later years, has approximately 130 members today. The Unitarians (Poznan), derived from it, have only several members, and the Panmonistic Community (Warsaw), a dozen or so.

Uniquely situated on the Polish map of denominations is the Polish Catholic Church. It arose at the end of the 19th century in the United States as a protest of Polish immigrants against placement of clergy of German descent in their parishes. It began to attract members in the mother country at the beginning of the 1920's and was accepted by the Polish People's Republic in 1946. Retaining Catholic doctrine basically, it rejects the position of the Pope, teachings on indulgences, the cult of relics, celibacy, and confession.

In order to complete the picture of Christian denominations in Poland, we must also mention one of the Bible-study branches: the See of God and the Lamb, Apostles in Spirit and in Truth, Alpha and Omega and the Beginning and the End with no more precisely specified doctrine; its headquarters are in Niwnica in the

Nysa suburbs, and it has about a dozen members. The Lectorium Rosicrucianum (Rosicrucians) has several dozen members that promote following the "path of Christ" in everyday life.

The Evangelical Prayer Society has one member in Gizycko, the other 150 having emigrated over the years to West Germany.

In recent years a specific style of small, closed groups has developed which go back in their thinking to the first Christians. During the last year eight such groups of 30 to 50 individuals have been registered; they have no hierarchy, no doctrinal documents, and no alliances with other groups.

### Judaism

The Religious Association of the Creed of Moses has 1,800 members, and probably this is not all that is left of the more than three million member community that lived in prewar Poland. This is, however, the only formally sanctioned form of organizational life of believing and practicing Jews. This association is not a legal continuation of the forced congregation of Jewish communities. Since the mid-1980's, the Nissenbaum Foundation has aspired to the role of organizer of the Jewish movement in Poland; this Foundation has significantly greater financial potential for saving the priceless memorabilia of Jewish culture than the Association. These centers are not at all cooperative, but quite the opposite. In spite of the fact that doctrinal Judaism does not provide for a hierarchic position of a leader, Rabbi Pinhez Menachem Joskowicz, delegated by Israel and confirmed by the rabbinical commission, lives in Poland. Most recently, Rabbi Morejno has expressed a desire to return to Poland and take over the position of the Lodz rabbi.

The Karaims are a Jewish ethnic group who as early as the seventh century A.D., under the influence of Islam, rejected the Talmud and all commentaries on the Bible, keeping the Old Testament as the sole source of faith and recognizing Moses, Christ, and Mohammed as prophets. They arrived in Poland toward the end of the 16th century and settled near the eastern boundaries of the Republic. Today, 100 members of the Karaim Religious Association have their headquarters in Wroclaw.

### Islam

The Bohonik and Kruszynian communities in Bialystok Voivodship are two of the 19 Muslim communities that existed in Poland before the war. Tatars in Poland go back to the 13th century when, for services to Prince Witold, they were settled at the Lithuanian-Teutonic Knight boundary. In the 18th century, this integrated community numbered 100,000. Today two mosques function in Poland (in the villages named) and attempts are being made to build a new mosque in Bialystok.

The 2,400 members of the Muslim Religious Association in Poland differ from persons espousing Islam who settled in our country in recent years. These are mainly graduates of our schools who found their fatherland here and formed the Society of Muslim Unity.

#### **Buddhism**

This denomination with its 2,500 year tradition is divided into a multitude of groups. In Poland, an example of Western countries, it exerts its influence mainly as a form of youth competition. In addition, we also have a representation of Indo-Tibetan Buddhism: the Buddhist KARMA-KAGYU Society (approximately

450 members registered in Szczecin), the ZEN "CZOGIE" Society (450 members in three voivodships) representing Korean Buddhism, and the Japanese branch of Buddhism represented by the KANDZEON Buddhist Society.

#### **Brahminism**

The Hindu religion appeared in Poland only in the mid-1980's. Today several hundred of its members belong to the World Spiritual University Brahma Kumaris RAJA YOGA and the ADZAPA YOGI Association. They cultivate centering, concentration, tolerance, good will, balance, and inner peace. They promulgate vegetarianism.